Austria	[illegible]	Iran	[illegible]	Philippines	[illegible]
Bahrain	[illegible]	Israel	[illegible]	Portugal	[illegible]
Belgium	[illegible]	Italy	L1700	Qatar	[illegible]
Canada	C$1.00	Japan	Y500	S.Arabia	[illegible]
Cyprus	[illegible]	Jordan	[illegible]	Singapore	[illegible]
Denmark	DKr10.00	Kuwait	[illegible]	Spain	[illegible]
Egypt	E£2.25	Lebanon	[illegible]	Sri Lanka	[illegible]
Finland	Fmk7.00	Lux	LFr45	Sweden	[illegible]
France	FFr7.00	Malaysia	[illegible]	Switz	[illegible]
Germany	DM2.30	Mexico	[illegible]	Taiwan	[illegible]
Greece	Dr120	Morocco	[illegible]	Thailand	[illegible]
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	[illegible]
Iceland	Kr125	Nigeria	[illegible]	Turkey	[illegible]
India	Rup15	Norway	NKr10.00	UAE	[illegible]
Indonesia	Rp3100	Oman	OR1	USA	$1.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,758 Wednesday February 1 1989 D 8523A

BERLIN POLITICS
Awesome power of the fringe right
Page 20

World News

Rebels report Soviet attack as US staff leave Kabul

Moslem guerrillas claimed that Soviet forces fired four long-range missiles into Afghan villages along the Red Army's main withdrawal route, killing 70 people. The reported attack came as 11 US diplomats and support staff left the capital of Kabul, formally ending the US government presence in Afghanistan. Bhutto power struggle over Afghan policy, Page 20

West Bank clashes

Some 27 Palestinians were reported shot and wounded in the West Bank and Gaza Strip as Israeli soldiers clashed with youths throwing stones and a general strike shut down the occupied territories. Israel's budget, Palestinian state, Page 4

US aircraft crash

A US Air Force refuelling aircraft crashed on takeoff from a Texas base, killing at least 16 of with 19 crew aboard.

Hijackers seized

A plane hijacker who doused a fellow passenger with petrol and threatened to set a Colombian aircraft ablaze was arrested with four accomplices at Costa Rica's main airport.

Ortega cuts budget

Nicaraguan President Daniel Ortega announced plans to cut the budget by nearly half, lay off 35,000 troops and public employees and halt subsidies in an effort to end the country's economic woes. Page 6

S Korea unrest

Dozens of radical students, shouting "Yankee go home," hurled firebombs at a US cultural centre in the South Korean city of Kwangju.

Nuclear pact

Pakistan's Government is proposing a swap that would send US-made nuclear reactors to their country in exchange for safeguards that their nuclear programme is used for peaceful purposes. Intelligence struggle, Page 20

Greek scandal

The Greek Government was embroiled in a new scandal over accusations that it inflated the price paid for 40 French warplanes and corrupt officials pocketed the difference. Page 3

Gandhi faces revolt

Indian Prime Minister Rajiv Gandhi, having lost southern India to the opposition, now faces a revolt within his Congress (I) Party in its electorally crucial bastion in the north.

Sharansky envoy

Former Soviet dissident Natan Sharansky, freed by Moscow in a prisoner exchange, has been proposed as Israeli ambassador to the United Nations. Sharansky is an outspoken critic of Soviet human rights abuses. Page 4

Hungary-Israel ties

Hungary plans to restore full diplomatic relations with Israel by the middle of this year. Hungary and all other Warsaw Pact countries except Romania severed ties with Israel after the 1967 Six-Day War.

Greenpeace collision

A Greenpeace ship and a Japanese whaling vessel collided in the Southern Ocean near Antarctica as the environmental group tried to prevent a Japanese factory ship from loading harpooned whales.

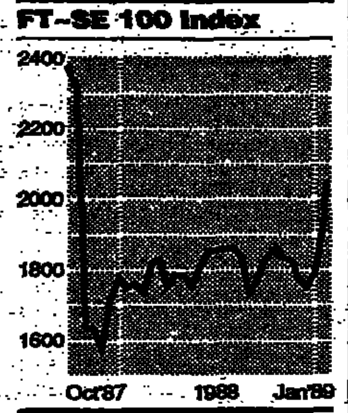
Business Summary

Deutsche Bank seeks to raise DM1.28bn

DEUTSCHE BANK, West Germany's biggest commercial bank, is to seek DM1.28bn ($686m) in new funds from its shareholders in a one-for-15 rights issue priced at DM450 a share. Page 21; Lex Page 20

UK EQUITY market continued its upward climb, its ninth gain in the past ten days. The FT-SE index closed 8.9 higher at 2,051.8 after moving between 2,059.4 and 2,044.2. It lost earlier ground as Wall Street opened lower. Page 33

FT-SE 100 Index



HONEYWELL BULL, computer manufacturer owned jointly by Groupe Bull of France, Honeywell of the US and NEC of Japan, is to be renamed Bull HN Information Systems, marking the disappearance of one of the oldest names in the industry. Page 20

EUROPEAN Commission said it would order the Dutch Government not to go ahead with controversial tax incentives for low-pollution cars which it suspects break EC rules.

BMW, West German motor group, saw a sharp acceleration in business, with a 26 per cent increase in group turnover to DM24.5bn ($13.2bn), the fastest rate of sales increase since the mid-1970s. Page 22

SKANDIA, Sweden's leading insurance group, reported a 15 per cent drop in operating profits for 1988 due to lower capital gains on its investment portfolio. Page 22

COCA-COLA, soft drinks company, said net earnings for the year had climbed 14 per cent to $1.04bn, pushing the company's run of unbroken growth to 14 years. Page 23

MOUNTLEIGH, UK property trading group, said half-year profits fell to £24.7m against £35.6m in the same period in 1987. However, it is maintaining its interim dividend. Page 29; Lex, Page 20

ALLIED SIGNAL, US aerospace, automotive and chemicals conglomerate, reported net income of $104m in the fourth quarter. Page 23

ELECTRICITE de France, French power generating authority, reported a loss of FFr1.8bn ($282.1m) last year, which it blamed in part on warm weather, a price freeze and strikes at power stations. Page 25

JAPAN'S Cabinet adopted government guidelines clarifying a new law against insider trading. The new guidelines take effect on April 1.

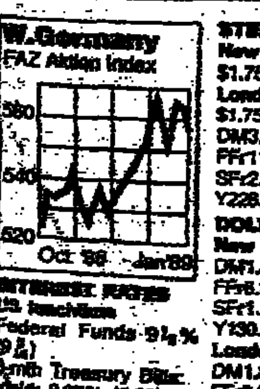
BRITISH PETROLEUM, UK's largest company, shareholders approved board plans to buy back 790m shares, or 12 per cent, of the company built up by Kuwait.

AUSTRALIA'S federal Treasurer, Paul Keating, rejected calls for further policy change following figures which showed prices rose 7.7 per cent last year. Page 4

CONSOLIDATED Metallurgical Industries, South African ferrochrome maker, lifted sales and profits in the six months to December as demand and prices grew strongly. Page 25

MARKETS

W.Germany
FAZ Aktien Index



INTEREST RATES
US Lunchtime
Federal Funds 9⅛% (9⅛)
3-mth Treasury Bills: yield: 8.67% (8.56)
Long Bond: 101⅔ (102⅓)
yield: 8.84% (8.79)
London
3-month interbank close 13% (12⅞)

STERLING
New York close
$1.76275 (1.7625)
London:
$1.7505 (1.7625)
DM3.2875 (3.2750)
FFr11.1775 (11.14)
SFr2.8000 (2.7825)
Y228.50 (228.0)

DOLLAR
New York close
DM1.87265 (1.85975)
FFr6.3750 (6.3240)
SFr1.59775 (1.58075)
Y130.25 (129.325)
London:
DM1.8785 (1.8585)
FFr6.3850 (6.3200)
SFr1.600 (1.5790)
Y130.50 (129.30)

GOLD
New York latest
Comex April
$395.5 (398.2)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,342.32 (+18.21)
S&P Comp
297.47 (+2.49)
London:
FT-SE 100
2,051.8 (+8.9)
World:
144.36 (Mon)
Tokyo
Nikkei Ave
31,581.30 (+13.60)
Frankfurt
Commerzbank
1682.2 (-15.4)

OIL
Brent 15-day (Argus)
$16.30 (-0.45) (Feb)
West Tex Crude
$17.125 (-0.45) (March)

UK Government plans major health service shake-up

By **Alan Pike** in London

BRITAIN's Conservative Government yesterday unveiled draft laws for the country's 40-year old National Health Service which it called "the most fundamental programme of reform in the history of the NHS."

Mr Kenneth Clarke, Health Secretary, presented to the House of Commons a package designed to improve health service efficiency and devolve decision-making and choice to individual hospital doctors and patients.

However, Mr Clarke, conscious of potential political pitfalls involved in tampering with the NHS, tempered his claim that the reforms were the most substantial in the service's history by calling them "a change of pace rather than any fundamental change of direction."

The policy document provoked expressions of severe reservation from the medical profession and patients' organisations, while in the Commons Mr Robin Cook, the opposition Labour Party's health spokesman, attacked it as a prescription for a health service run by accountants which would put a healthy balance sheet before healthy patients.

Many of the proposed changes continue the Government's policy of trying to improve the managerial efficiency of the NHS, Europe's biggest civilian employer with 1m staff.

But a number of the proposals are likely to herald changes which will directly affect patients. These include plans for regional health authorities to buy and sell services across their boundaries and for family doctors to hold budgets from which they can purchase hospital care for their patients.

The proposals include arrangements to allow money to travel with patients to whichever hospitals are best able to meet their needs.

These and other arrangements set out in the policy document will be in place by 1991 if and when the policy passes into law.

Health authorities will be free to buy and sell services to each other and the private sector.

The larger UK hospitals will be encouraged to become self-governing and opt out of the control of their health authority. NHS Hospital Trusts, as they would be known, will be free to run their own affairs, borrow money and negotiate their own pay scales.

Practices of family doctors with more than 11,000 patients, double the national average, will be encouraged to hold

NHS policy document, Page 8; Editorial comment, Page 18
Continued on Page 20

Clarke: calls for more cash

Pechiney-Triangle share dealing report goes to prosecutor

By **George Graham** in Paris

STRONG circumstantial evidence of insider trading has been found by the French stock market regulatory commission in a report published yesterday by the Government into the Pechiney-Triangle share dealing scandal.

The report, handed to the public prosecutor's office, finds strong circumstantial evidence that purchases of Triangle shares shortly before it was bought by Pechiney were in breach of France's insider trading laws. It names six French buyers and casts doubt on the credibility of the explanations given by some of them for their decisions to buy.

However the report says the investigation failed to produce decisive evidence which would identify the sources of the leaks.

The commission's finding will give further impetus to a scandal which is proving seriously embarrassing for the Government and has already provoked the resignation of Mr Alain Boublil, a senior adviser to Mr Pierre Bérégovoy, the Finance Minister.

The scandal has been given a political dimension by the Government's critics, because the Finance Ministry was necessarily informed of Pechiney's plans to take over Triangle since Pechiney is a state-owned company.

Opposition politicians have also linked the Pechiney case with the controversy surrounding the recent attempt by Mr Georges Pebereau, the French financier, to build a commanding stake in Société Générale, the privatised bank.

In this case as well, the Finance Ministry is known to have been informed and, according to some reports, actively to have encouraged Mr Pebereau with the aim of unravelling the shareholding alliance assembled by the previous Gaullist government at the time of the bank's privatisation.

The Council of Ministers yesterday approved draft legislation directed at this and similar alliances in other privatised companies. The proposed bill would release these "hard core" shareholders from their obligation not to sell their stakes for five years without the approval of the company's board. Instead, it would require government approval for any investor to pass 10 per cent in any of the privatised companies before 1993.

Mr Jean Farge, chairman of the Commission des Operations de Bourse (COB), said yesterday that it had not yet decided whether to launch a formal investigation into possible insider trading in Société Générale shares. "This does not mean that we are not concerned by this question," he said.

The six French buyers named in the COB report include Mr Roger Patrice Pelat, a close and longstanding friend of President Francois Mitterrand. This link to the Elysée Palace has been used by the opposition to fuel its charges of government corruption.

However, the report does not question Mr Pelat's explanation that he was advised to buy the Triangle shares by Mr Max Theret, a friend whose private finance company, Compagnie Parisienne de Placements, made a profit of FFr8.84m ($1.4m) on the 32,300 Triangle shares it bought in the week before the Pechiney takeover was announced.

By contrast, Mr Theret's evidence is questioned by the COB report. It describes CPP's purchases as "eminently suspicious" and says that only the possession of privileged information can explain its orders.

Details, Page 2

Gold Fields prompts De Beers inquiry

By **Kenneth Gooding,** Mining Correspondent, in London

CONSOLIDATED Gold Fields, the diversified UK mining company, appeared yesterday to have scored another political point in its bitter corporate battle with Minorco, the Luxembourg-based investment arm of Mr Harry Oppenheimer's Anglo American Corporation-De Beers group of South Africa.

Britain's Office of Fair Trading said it had started an inquiry to determine whether the activities of De Beers' Central Selling Organisation, which from its London base accounts for more than 80 per cent of worldwide trade in rough (uncut) diamonds, should be referred to the Monopolies and Mergers Commission.

It had been prompted by a complaint from Gold Fields, it said.

Minorco's £2.9bn ($5bn) bid for Gold Fields automatically lapsed when it was referred to the Monopolies and Mergers Commission in November. Gold Fields said yesterday that when it was preparing its case for the Commission, "it occured to us that the De Beers' cartel might be illegal in this country. It also occured to us to ask the question: Why has no government department taken any action?"

The OFT said the inquiry was still in its very early stages and it would be some weeks before any decision would be made. "A monopoly or cartel is not necessarily a bad thing," it said. "It depends whether it is being used against the public interest."

The CSO said: "We are a successful vehicle for rough diamond distribution and if we could not satisfy producers

Continued on Page 20

World Bank and IMF clash over policy on debt

By **Stewart Fleming** in Washington

SIMMERING rivalry between the International Monetary Fund and the World Bank over their roles in tackling the Third World debt crisis has come to the boil in recent communications between the multilateral agencies.

The IMF, with the support of some members of the Group of Ten (G10) leading industrial countries is insisting that it, not the Bank, should have primary responsibility for monitoring the macro-economic conditions attached to loans to Third World debtors. Traditionally the Fund has had primary responsibility for monitoring the exchange rate, tax and fiscal policies of borrowers, for example.

Some officials representing G10 countries have argued that disagreement over the macro-economic conditions attached to loans, when both institutions are lending to the same country, should ultimately be resolved in favour of the IMF.

In recent years the Bank has steadily increased the proportion of its lending designed to help debtor nations finance their balance of payments problems.

At the same time the Fund has begun to put together financing packages which more closely resemble the longer term economic policy based loans which the World Bank has begun to offer. As a result of this convergence it has become increasingly difficult for the two institutions to define their separate roles in developing countries.

The IMF has expressed concern about the danger that countries may get conflicting advice from the two institutions. It has raised the question of whether in principle they should be seen as working in parallel, and to some extent therefore duplicating each other's roles, or whether the roles should be complementary – the option which it favours.

The debate has intensified in recent weeks as creditor countries have begun to discuss the need for a renewed effort to tackle the debt problem. President George Bush has announced that the US Treasury is conducting a review of the Third World debt strategy and US officials say that as part of this review the US is examining the roles the IMF and World Bank play.

A monetary official in Washington said yesterday the question of the role of the IMF and the Bank was not on the formal agenda for this week's meeting of Finance Ministers from the Group of Seven (G7) industrial countries which begins in Washington today, but he did not rule out it being would be raised.

Another factor which has brought the issue to the fore is a widespread perception that the World Bank moved too aggressively in putting together a lending package for Argentina in October last year just before the US presidential elections, which is now shared by the US.

Some developing countries feel the debate reflects continuing confusion among creditor governments over how to tackle the debt problem. Officials argue it is important that both institutions play an active role in helping developing countries tackle their economic problems and a dialogue between the IMF and the World Bank contributes to this objective.

MB Group rejects Elders bid for packaging unit

By **Maggie Urry** in London

MB GROUP, which is currently trying to merge its packaging interests with those of Carnaud, a leading French company, yesterday rejected a possible £780m ($1.4bn) cash bid for those packaging interests from Elders Investments, part of Elders IXL, the Australian brewing group, and some unnamed partners.

MB agreed to merge the business with Carnaud's last October and is seeking shareholders' approval for the deal at a meeting on February 24.

The news came after the stock market closed last night. MB's shares were unchanged at 280p yesterday, valuing the group as a whole at £893m.

Separately, yesterday, several former directors of MB, whose interests also include cheque printing, central heating and bathroom products, wrote to major shareholders expressing concern about the proposed packaging merger.

MB said it had received a letter yesterday from Elders Investments, which has a 5.6 per cent shareholding in MB, suggesting that MB's board should recommend the £780m cash offer for the packaging interests to shareholders and asking for a meeting.

Mr Murray Stuart, chief executive of MB, wrote back to Elders Investments saying there was "no point in meeting you" on the basis of the outline proposals. He said the Carnaud merger was "manifestly in the best interests of all shareholders of MB Group."

Mr Stuart said the £780m offer was below the value to MB of the agreement with Carnaud, which is a combination of cash and shares. The merger with Carnaud is worth about £830m and would allow MB to retain a degree of control through a 25.5 per cent shareholding and a shareholders' agreement.

Elders Investments was unable to comment last night, saying only that a statement would be made as soon as possible.

Mr Elliott, chairman of Elders IXL, said last Friday that he would not bid for MB as a whole but would put forward other proposals.

The issue is likely to be raised today at a meeting of MB's warrant holders.

Elders Investments holds just over 25 per cent of the warrants, enough to block proposals being put to this class of holder as part of the Carnaud deal.

Barings, MB's merchant bank advisers, believe the approval of the warrant holders is not a necessary condition of the merger.

The letter from some of MB's former directors criticises the deal on the grounds that, among other things, the merged packaging business, to be called CMB Packaging, would fall under French control.

It argues that a Carnaud representative would have the casting vote on the board, that French people would have a majority of the shares and that "the European packaging industry would be centred in France."

Mr Brian Smith, chairman of MB, said the "comments, although sincere, are sadly insular, and with no relevance to future market requirements." He has maintained the merger is necessary to meet the requirements of pan-European customers, particularly in the run-up to the single European market in 1992. CMB will be based in Brussels.

Mr Smith added, "the company has learnt from its mistakes in the late 1970s, which led to the retrenchment of the early 1980s, that it must anticipate trends rather than react too late to events."

Some of the former directors who signed the letter were on the board during the 1970s. In 1980-81, MB's UK businesses were barely breaking even and a period of substantial restructuring followed, involving some 25,000 redundancies.

Lex, Page 20

CONTENTS

Keating's dream run turns into a nightmare

Paul Keating's dream of taking over the leadership of Australia's ruling Labor Party after a glorious run as Federal Treasurer has turned into a nightmare as the economy has turned sour.
Page 4

W German group sold nuclear material to India

By David Goodhart in Bonn

THE WEST GERMAN chemical company Degussa has admitted exporting beryllium, a metal used for both civilian and military nuclear purposes, to India. Degussa says that the exports (in 1984) had the appropriate government licences.

The industry magazine Nucleonics Week claimed that at least one batch of beryllium was of US origin and therefore should not have been re-exported without the consent of US officials.

The fact that potential "dual-use" materials were exported with government permission was seen by some observers as highlighting further the inadequacies of the the country's export control system already under attack concerning West German exports to the suspected Libyan chemical weapons plant.

Further details of West German involvement with the plant continue to dribble out. Mr Karlheinz von den Driesch, the main Finance Ministry spokesman, said yesterday that Salzgitter, the state-owned group, had known since February 1985 that Libya was building a chemical plant at Rabta.

Internal investigations at Salzgitter had uncovered a letter dated 1985 from Imhausen-Chemie, the chemical company currently under investigation, giving some details of the Rabta plant.

Also, the customs authorities in Baden-Württemberg alleged yesterday that several unnamed companies in their district had been illegally exporting arms or high-tech products to the East bloc or areas of military tension including the Middle East.

The state prosecutor in Munich said he was opening investigations into Globesat to check allegations about the the delivery of electrical equipment to Libya in breach of the export control laws.

Mr Josef Kühn, of the Lower Saxony concern Plato-Kühn, confirmed yesterday that his company had delivered mushroom poison to Iraq. Sigma Chemie has also admitted that it shipped materials to Iraq that could be used to make biological weapons.

A West German, a Dutchman and an American have been arrested in the US in connection with the export of chemicals used in making mustard gas to Iraq and Iran, according to the prosecuting authorities in Baltimore.

Rome defends tax break for Ferruzzi-Montedison

By Alan Friedman in Milan

THE ITALIAN Government has written to Sir Leon Brittan, the European Competition Commissioner, defending special draft legislation which would allow the Ferruzzi-Montedison group to defer payment of L1,125bn (£469m) of capital gains taxes.

Were it not for the draft legislation, the group would have to pay tax on L3,000bn of book value capital gains to be reaped by Montedison by its transfer of assets to a new joint venture company.

The tax break, contained in a draft bill announced last November by the office of Mr Ciriaco De Mita, the Prime Minister, was demanded by the head of the group, Mr Raul Gardini, as an essential condition for his agreement to go ahead with the formation of Enimont, a joint venture chemicals company which will pool the state-owned Enichem with most of the businesses of Montedison.

The letter, sent on January 25 by Mr Giuseppe Ammassari, director-general of Italy's Industry Ministry, claims that the legislation does not distort the European chemicals market or offer Enimont any unfair advantage and would thus not violate Article 92 of the Treaty of Rome regarding competition practices in the European Community.

Serbian assault on federal party chief fails

By Judy Dempsey in Belgrade

SERBIA'S POWERFUL party boss, Mr Slobodan Milosevic, suffered a temporary setback yesterday evening after the Yugoslav federal party leadership rallied behind its head, Mr Stipe Suvar. The politburo rejected calls by party leaders in the northern province of Vojvodina, staunch supporters of Mr Milosevic, for the immediate removal of Mr Suvar.

However, the Serbian camp was expected to maintain pressure on the national party leader, who is a Croat. Today the committee is expected to consider whether the ruling Communists should hold an extraordinary party congress, or merely bring forward the "regular" congress due early next year.

An extraordinary congress would be to the advantage of Mr Milosevic because procedural rules would allow Serbia a larger share of the delegates than at a regular congress.

Last night's decision followed a day of heated discussions which degenerated into bickering and personal attacks, amid a fresh warning by the armed forces that they would not allow the federal structures to collapse.

The plenum, called ostensibly to discuss the grave economic and political crisis, heard a direct attack from a Croatian delegate on both Mr Suvar and Mr Milosevic.

Mr Suvar, an ideologue who is seen as cautious on economic reform, has in recent weeks been engaged in a bitter power struggle with Mr Milosevic, who combines support for economic reform with strident Serbian nationalism.

Yesterday's assault on the leadership was launched by Mr Ivo Druzic, a former member of the party presidency in Croatia. He accused Mr Suvar of cowardice for not pushing through economic reforms and accused Mr Milosevic of manipulating the media to promote his nationalist goals.

"I'm sick and tired of sitting in a cart which is running into an abyss," said Mr Druzic, turning to both party leaders.

"A lot depends on you two," he continued, adding that "the people need to eat."

Admiral Stane Brovet, the deputy defence minister, speaking for the armed forces, attacked the politicians of Slovenia, whose liberal politicians have long been at odds with Yugoslavia's generals, for allowing too much "anti-socialist" opposition.

He also censured Serbian leaders for encouraging the nationalist street demonstrations which have in recent months toppled local leaders in Vojvodina and Montenegro.

"The army is in a very delicate position . . . We do not support narrow republican interests," he warned. "The elementary order which must exist in every state is being threatened," he added.

Norway hit by surge in jobless

By Karen Fossli in Oslo

NORWAY'S minority Labour Government is planning measures next month to combat unemployment after a sudden rise in the number out of work to the highest level since the 1930s, Mrs Gro Harlem Brundtland, the Prime Minister, said yesterday.

Figures released yesterday put unemployment at 86,622 – about 4 per cent of the labour force and double the level of a year ago. The figures shocked Norway's union leaders who had been given earlier estimates of 68,000.

Mrs Brundtland came under heavy fire from opposition leaders for her economic policy since 1986. She has sought to restructure Norway's oil-driven economy, which suffered after crude oil prices nose-dived two years ago. Norway's petroleum revenue accounts for about 10 per cent of GNP and 25 per cent of exports. Although this is an election year, the unemployment issue is not expected to harm Labour as there is even less confidence in the ability of other parties to deal with the problem.

Mr Kjell Borgen, the Minister of Labour, said unemployment could rise to 100,000 by March. In the remote area of Finnmark, which borders the Soviet Union and relies mainly on income from fishing, the figure was the highest at 6.7 per cent due to a fall off in this year's catch.

Paris tennis club among links noted in report on Pechiney insider dealing racket

By George Graham in Paris

THE Commission des Operations de Bourse (COB), the French stock exchange regulator, found "serious, precise and concordant presumptions of the existence of insider trading" in its investigation of dealings in the shares of Triangle Industries shortly before it was bought by Pechiney, the French state-owned aluminium company.

Mr Jean-Pierre Michau, head of the COB's inspection service, concluded that several people released inside information, thus allowing improper dealing to take place, but he was unable to identify the sources of the leaks. He noted that some of those involved in the Pechiney-Triangle negotiations were friends of or belonged to the same club as some of those who bought shares.

The report, made public yesterday by the French Finance Ministry, details the purchases of Triangle shares made by French citizens or through French brokers in the week before Pechiney announced the purchase of Triangle on November 21 at $56 a share.

During this week, 228,770 Triangle shares were traded on New York's Nasdaq market at prices between $8.50 and $11. In previous months, transactions had averaged between 5,000 and 10,000 shares a day, at prices between $8 and $13.

Six French purchasers are identified by the report:

- Compagnie Parisienne de Placements, controlled by Mr Max Théret, co-founder of the FNAC hi-fi, books and records retailing chain, which made a capital gain of FFr 8.84m (£800,000) on the purchase of 32,300 shares.
- The family of Mr Roger Patrice Pelat, a close friend of President François Mitterrand, who made FFr 2.24m on the purchase of 10,000 shares.
- Miss Isabelle Pierco, who made FFr 131,500 after buying 650 shares on the advice of Mr Pelat.
- Mr Joseph Jossua, a Swiss financier who made FFr 760,000 on the purchase of 3,400 shares. *Magnin-Cordelle, a Paris stockbroker, which made FFr 951,000 on 5,000 shares.
- Mr Alain Marsan, a dealer at the Paris broker Ferri-Ferri-Germe, who made FFr 1.2m on 5,000 shares.

Eager hands grasp for copies of yesterday's report by the French stock exchange watchdog on insider dealing

Mr Marsan belongs to the same tennis club, the prestigious Racing Club de France, as Mr Jean-Louis Vinciguerra, finance director of Pechiney, and as Mr Alain Boublil, who resigned two weeks ago as chief counsellor to Mr Pierre Bérégovoy, Finance Minister.

Purchases of 60,000 Triangle shares by financial houses based in Switzerland and Luxembourg are also identified in the COB report, as well as 109,300 shares bought in the US, including 107,500 shares bought by market makers. The largest buyer was Drexel Burnham Lambert, which bought 72,440 shares in the week of November 14-18.

The report also notes purchases of 91,000 Triangle shares between August 18 and November 11 by International Discount Bank and Trust, a bank based in the West Indies.

"It is interesting to note that a correlation appears between the development and direction of IDB's interventions and the evolution of the negotiations between Pechiney and Triangle," Mr Michau says, adding that the orders appear to have been given by Mr Chaker Khoury, whom he was unable to identify further.

Over a quarter of the report, however, is devoted to the purchases by Mr Théret's company, CPP.

"Definitely, CPP's orders are eminently suspect. CPP acted substantially and hurriedly, with no market or financial knowledge of the company concerned, although it claimed that it wanted to invest for the medium term on the basis of a long reflection," the report says, adding that the documents presented by Mr Theret's company to justify its purchases had been created afterwards.

"It thus appears that a director of CPP benefited from privileged information, which is the only way to explain its interventions in the market for Triangle shares."

The report makes a number of remarks about the explanations supplied by the other French buyers of Triangle shares. Mr Jossua's stated reasons were "exceedingly vague", while the account of Magnin-Cordelle's trader was contested by the dealer he said he had spoken to.

Mr Marsan, who claimed to have overheard a conversation in a restaurant between two people he did not know, is also spotlighted by the report.

"It appears that Mr Marsan obtained information about Triangle's shares in conditions different to those he mentions. At the moment, the inspection service has no formal proof," the report states.

Economic forum urges action on environment

WORLD business and political leaders were urged yesterday to take urgent action to tackle the "greenhouse effect" if mankind is to avoid disaster, Reuters reports.

"The crime is committed but the final sentence may be softened if we are clever enough," Mr Roald Sagdeev, director of the Soviet Space Research Institute, told the World Economic Forum meeting in Davos, Switzerland.

Speakers at the week-long conference have repeatedly called for more account to be taken of the "greenhouse effect" – the warming of the world's climate through industrial pollution – in drawing up policies for economic growth.

"This concept of ecological growth appears fundamental for maintaining growth in the future," said former French Prime Minister Raymond Barre.

"The process of growth has to take account of the greenhouse effect and the efficient use of energy."

Mr Barre, a professor of economics, was reporting on the conclusions of two days of informal talks among a 60-strong inner group of political figures attending the annual meeting, one of the world's major business conferences.

Scientists told the meeting of 1,000 business and political leaders that mankind's survival was not under threat in the next 100 years, and more research needed to be conducted. But some action should be taken now to avert potential disasters.

Mr William Clark, a Harvard University ecologist, said builders of new ports or other coastal facilities should bear in mind that the sea level might rise by up to one metre (three feet) in the next century as higher temperatures melted polar ice caps.

He called for more action to reduce the emission of fluorocarbon gases, as used in aerosol sprays, increase research into new non-fossil energies, stop the destruction of forests and encourage greater reafforestation.

Mr Carlo Rubbia, head of the Geneva-based European Centre for Nuclear Research (CERN), said countries might be forced to give up fossil fuels, such as coal, oil and natural gas, in the next 20-30 years, to prevent environmental disaster.

The scientists agreed carbon dioxide was presently the main problem. The annual increase in atmospheric carbon dioxide alone was around 3bn tonnes.

Stalin's victims rehabilitated

SOME 25,000 victims of Stalin's purges have been rehabilitated under a Kremlin decree and the fate of tens of thousands of others is being examined, Pravda said yesterday, Reuter reports from Moscow.

"The latest decisions are aimed at completing work on reviewing criminal cases against all people unlawfully repressed in the past," Mr Boris Popov, the chief military prosecutor, told the Communist Party newspaper.

Under the decree approved by the Presidium of the Supreme Soviet last month, nearly all those shot or sent to labour camps by special courts from the 1930s until Stalin's death in 1953 will be exonerated.

The mass rehabilitation does not apply to those guilty of treason, to Nazi war criminals or certain other categories.

Many applying to be rehabilitated have been turned down. In some cases charges which had been dropped have even been reopened.

"In recent times, the number of complaints from people sentenced in the (Second World) War has increased threefold. Many of them are hoping for rehabilitation. It is no accident that every fifth request for rehabilitation receives a rejection."

Mr Popov said more than 500,000 people were exonerated in the 10 years from 1954 when Khrushchev began the rehabilitation process. But the process practically stopped in the 1960s.

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Ryanair's European hopes are grounded

By Tim Dickson in Brussels

IT REPRESENTS a mere blip in the overall picture of European air travel. But the decision by Ryanair Europe to discontinue its scheduled London to Brussels service earlier this month "due to economic circumstances" - and to close its Brussels office this week - is a sad sequel to the enthusiasm with which the company greeted the European Community's package of air transport reforms just 12 months ago.

The tiny Irish-owned business, which started out life as London European Airways, will continue to operate a charter service with its single Boeing 737 from its Luton airport base in the UK.

This will be small compensation, though, for the airline's undoubted army of Continental fans, including hundreds of Irish expatriates in the Belgian capital for whom the scheduled service had become a highly popular and remarkably cheap way of getting home.

The aborted take-off for Ryanair Europe – a separate company from the Ryanair which flies from mainland Britain to Ireland though controlled by the same members of the Ryan family – is a timely reminder for the Brussels-bound visionaries of airline deregulation of the tough commercial pressures facing new entrants to the aviation business.

"It's a great idea but it's certainly not easy", Mr Jean-Pierre Hustache, the company's departing Benelux manager admitted.

According to Mr Hustache, the airline was unable to overcome several difficulties on the London-Brussels route.

Not least among these was the image of Luton as an airport for charter flights and the fact that Ryanair was only offering one service per day (against a combined 15 by Sabena and British Airways from Heathrow with all the flexibility for busy travellers which that implies).

Capacity utilisation significantly was little different to the more established airlines at 65-70 per cent of the seats available, but Ryanair Europe's decision not to offer a business class service severely dented revenues.

"Eighty per cent of the seats on BA/Sabena flights are sold as business class – BFr16,000 (£232) return for two 45-minute flights," Mr Hustache remarked wistfully.

By contrast, Ryanair Europe was offering free drinks, a breakfast or evening snack, and no booking conditions or cancellation fee for just BFr4,900 return.

Apart from the initial refusal by Sabena to allow the company on to its Saphir reservations system (a decision quickly overturned by the former Irish Competition Commissioner, Mr Peter Sutherland), Mr Hustache says there were no "undue" pressures from competitors.

Ironically, however, one of the final blows was this month's move by Aer Lingus, Ireland's national carrier, to respond to Ryanair Europe's Brussels-Dublin special offpeak fare of BFr10,000 by introducing a limited BFr7,590 offer of its own.

That at least (if it stays) is a worthwhile legacy of Ryan enterprise.

Spirit of Greek-Turkish pact sinks into Aegean

Andriana Ierodiaconou and Jim Bodgener (below) report from Athens and Ankara one year after the 'no war' agreement between the Greek and Turkish Premiers

WHEN, on the sidelines of the World Economic Forum in Davos, one year ago, Greece's Socialist Prime Minister, Mr Andreas Papandreou, triumphantly announced a "no war" agreement with his Turkish counterpart, Mr Turgut Ozal, reaction in Athens was less than delighted.

Both the Greek public and the Foreign Ministry were alarmed by his apparent readiness to set aside the key issues of the delimitation of the Aegean continental shelf, and the Turkish occupation of northern Cyprus, in the context of the "no war" pact.

Partly as result of adroit political manoeuvring by Mr George Vassiliou, the Cyprus President, Mr Papandreou was quickly made aware that he could not sell the Davos agreement without restoring emphasis on Cyprus.

The Greek position was adjusted to identify Cyprus as the key to the future of the Davos process. Similarly, political pressure forced Mr Papandreou to revive the longstanding Greek proposal for a recourse to the International Court on the continental shelf, and to reiterate that Greece recognized no other bilateral dispute.

Ensuing Greek hopes that the Turks would ease the way with a gesture in the form of a withdrawal of a portion of its troops in Cyprus, or with a positive response to the continental shelf proposal, were belied.

Similarly, expectations that Davos might prompt the Turkish-Cypriot side to moderate its negotiating position in UN-sponsored intercommunal talks, launched last September, have so far not been met, in the Greek view.

Another Greek measure of tension in the Aegean, the number of Turkish fighter aircraft forays into Greece's 10-mile airspace (Ankara recognizes only six miles), registered little improvement. According to official figures published in the Greek press, the number of such incursions last year decreased by only 0.2 per cent.

Ankara drew a sharp response from Athens when a new law passed in January extended Turkey's zone of responsibility for maritime search and rescue operations to a chain of Greek Aegean islands, and northern Cyprus.

At the same time Greece and Turkey threatened to delay the Conference on Security and Co-operation in Europe in Vienna as they hotly debated coming European arms talks.

whether the Turkish port of Mersin, the bridgehead for Ankara's forces in Cyprus, should be excluded from forth-

On the key battleground of the European Community, Greece remains adamantly opposed to the release of frozen financial aid to Turkey, as well as to Ankara's accession application.

Although after Davos, Greece signed the protocol rendering it a party to the 1963 Turkey-EC Association Agreement, in response to Ankara's pledge to lift a freeze on Greek assets in Istanbul, there has been no further progress since.

With general elections due in Greece, the prospects for Mr Papandreou visiting Ankara this year are looking cloudier

Ankara's hopes recede for visit by Papandreou

A LOW point has been reached in the Davos process of reconciliation between Turkey and Greece, Turkish officials admit. Hope is fading in Ankara that Mr Andreas Papandreou, the Greek Premier, will come to Turkey before the Greek elections in June, if at all.

Deep divisions remain to be bridged, and there is a whole series of issues on which Turkey broadly favours bilateral negotiations while Greece wants them settled in multinational forums or by reference to international law.

The Turkish Government still opposes "internationalisation" of the dispute over oil and mineral rights in the Aegean continental shelf by taking it to the International Court, as Athens has proposed.

Other differences relate to air traffic control, the militarised or demilitarised status of eastern Greek islands, and areas of defence responsibility within Nato.

Another issue on which the Turkish side seeks bilateral dealings is the alleged persecution of the Turkish-speaking minority in Greece. Athens strongly resists the discussion of this question in the context of the Davos process.

The "joint political committee", the most important of three Greek-Turkish working groups set up to study ways of reconciliation, cannot meet again until Mr Papandreou repays the Athens visit last summer of Mr Turgut Ozal. The committee, which last met in September, is supposed to study issues agreed on by the two premiers.

The Greek position is that the September committee meeting did this, and now needs a fresh mandate, whereas the Turkish side says the committee has not even started to define substantive areas of disagreement as it was supposed to do.

If there is no movement on substantive issues, the two sides can only continue with minor confidence-building measures, apart from the exchange of pleasantries through the joint cultural committee, and adjustment of economic relations like double tax avoidance through the economic committee.

The Turkish view is that the Cyprus question remains outside the purview of Davos, while conceding that progress in either sphere reflects well on the other. However, lately Ankara has been encouraging Mr Rauf Denktash, the Turkish Cypriot leader, to be flexible to the limits of the basic Turkish-Cypriot demands for equal partnership in a federal state, in his inter-communal talks with the Greek-Cypriots.

But the Turkish Government is adamant that its troops will not be withdrawn from the north until there are adequate safeguards for the Turkish-Cypriot community.

Bar on questioning Koskotas angers opposition parties

By Andriana Ierodiaconou in Athens

THE GREEK Socialist Government has come under renewed fire from the country's opposition parties for allegedly trying to cover up financial scandals in which it may be implicated.

The opposition reacted furiously to a move yesterday by the Socialist majority on the parliamentary committee investigating the scandal involving former banker and press baron Mr George Koskotas, to block the direct questioning of the jailed tycoon by members of the committee.

Mr Koskotas, who enjoyed close ties to the Government, escaped to the US last November after being charged with massive fraud, and is currently in prison in Salem, Massachusetts awaiting extradition proceedings.

The committee was due to vote yesterday on the dispatch of a team to the US to interview Mr Koskotas.

However, the decision was blocked by government deputies, who voted for its postponement on the grounds that it was not certain that Mr Koskotas would agree to talk and that there was some doubt as to his reliability as a witness.

Meanwhile, the Conservative opposition has accused the Government of financial irregularities in connection with the recent purchase of 40 French-manufactured Mirage-2000 fighter aircraft.

They based their charges on an apparent discrepancy between price figures for the aircraft released by the Defence Ministry this week, and figures given by the Government in the past.

Responding to press accusations of price padding the Defence Ministry said on Monday that Greece had paid a $19.4m package price for each aircraft.

The price included technical support such as spare parts and training, it claimed.

The Conservative opposition, however, charged that in a parliamentary debate last June on the Mirage-2000 purchase, as well as in a written statement issued by the Defence Ministry a year earlier, the Government had quoted a price of approximately $40m per aircraft.

Divisions underscored in Cyprus

By Our Foreign Staff

THE SUBMISSION by Greek-Cypriot President George Vassiliou of a 25-page document outlining his ideas on the reunification of the island appears to have highlighted the deep gulf between his position and that of the Turkish side.

Turkish-Cypriot officials called the document "disappointing" and said it was designed to impress third parties. Similar criticism was voiced by Greek-Cypriots when Mr Rauf Denktash, the Turkish-Cypriot leader, said in November that he was making new proposals.

Cyprus has been divided de facto since 1974, when Turkish troops occupied the island's northern third after a short-lived coup mounted by the junta then ruling Athens. The two communities are discussing the establishment of a bizonal federation.

Turkish-Cypriot officials said the report did not affirm the federations's "bizonal" character clearly enough and they rejected Mr Vassiliou's proposal that no country should have the right of unilateral intervention.

Turkey cited this right, laid down in Cyprus' independence treaty, when it invaded.

The document calls for the demilitarization of the island under international supervision, with a UN force to assist with internal security. It envisages a Greek-Cypriot president and a Turkish-Cypriot vice-president, and says there would be a single federal currency, managed by the central bank, although each province would have "adequate tax revenues."

Turkish-Cypriot officials said an integrated federal economy would leave their community vulnerable to exploitation.

Pay pressures worry Warsaw

By Christopher Bobinski in Warsaw

POLAND'S Government is seriously worried by constant pressure for wage rises backed by shop-floor protests and short work stoppages, Mr Jerzy Urban, the official spokesman has admitted.

Wage protests were occurring in many places every day in a continuation of last year's trend which saw wage growth outstrip the supply of goods to the shops by more than 10 percentage points.

For the moment the Government is coming under most pressure from health service employees, as well as teachers, who, in some places, have even struck for more pay with the backing of the official unions.

At the same time the Government led by Mr Mieczyslaw Rakowski is having to face criticism in Parliament for its draft budget proposals and changes in the current five-year plan.

Winnie Mandela 'team' irks ANC chiefs

By Anthony Robinson in Johannesburg

MRS Winnie Mandela, wife of Mr Nelson Mandela the jailed African National Congress (ANC) leader, is currently at the centre of a rising controversy in South Africa's black community.

It follows the abduction of four black youths by members of the so-called "Mandela United Football team" just after Christmas, and fears that one of them, 14-year-old Stompie Mokhetsi, has been killed. Police are now also investigating reports that the abductions may be linked to the fatal shooting of Dr. Abubakar Asvat, a well-known Soweto physician, by two youths last Friday.

Dr Asvat, a member of the executive of the Azanian Peoples Organisation was highly respected in the community for his help to squatters and other poor patients. Members of the 30 strong "team" are mostly youths claiming to be refugees from township violence and political oppression. They were given shelter by Mrs Mandela during the township revolt two years ago and became in effect her bodyguard.

In recent months, however, the "team" has gained a reputation for kicking more than footballs around Soweto, the 2m strong black township south of Johannesburg. Its growing reputation for thuggery has already led to demands from the ANC's exiled leadership in Lusaka and Mr Mandela himself that the team be disbanded.

Mrs Mandela, who earned respect for her dignified resistance to years of official harassment, internal exile and separation from her husband, was given the honorary title "mother of the nation" by many in the black community on her defiant return to Soweto during the 1984-86 township revolt. But she soon gave the impression of being out of her depth and subject to manipulation by feuding factions.

She has often allowed herself to be carried away by her fiery rhetoric. On one occasion, she told a large crowd that liberation would come through "our boxes of matches and (flaming rubber tyre) necklaces."

Her words, captured on tape by reporters, were seized on by the security forces as incitement to violence and proof that the ANC supported the black-on-black violence then raging in the townships as radicals sought out and killed suspected police informers or those seen as "sellouts". The ANC was then forced into an embarrassing series of denials and Mrs Mandela was told to keep her mouth shut in future.

Last month a Soweto community meeting demanded that she disband her team and cease to use her married name, as it was bringing Mandela into disrepute.

Inflation surge prompts Australian calls for policy change

By Chris Sherwell in Sydney

Mr Paul Keating, the Australian federal Treasurer, yesterday flatly rejected calls for fresh policy moves in the wake of shock inflation figures showing prices rose 7.7 per cent in the year to December.

Publication of the figures triggered a panic reaction on local money, bond and futures markets, where yields rose half a point, and in the foreign exchange market, where the Australian dollar hit a four-year high.

The figure of 2.1 per cent for the three months to December was far above the most pessimistic forecasts of 1.5 per cent, while the 7.7 per cent annual rate, the highest since September 1987, confirms that the declining trend seen in 1987 and 1988 has been reversed.

The news adds to the disappointment experienced by the Labor Government as surging domestic demand, fuelled by strong commodity export prices, has utterly undermined Mr Keating's optimistic forecasts in last August's budget for inflation and the current account deficit.

Employer groups and trade union leaders agreed the result was "disastrous", while the Liberal opposition lambasted the Labor Government as a "failure". For Mr Peter Dowding, the Labor Premier of Western Australia, fighting for re-election on Saturday, it could not have come at a worse time.

Mr Keating, almost certainly with an eye to that poll, insisted yesterday that no change in the Labor Government's economic stance was necessary. Against the prognoses of most economic analysts and the markets, he foresaw no further tightening of monetary policy or fiscal policy, and said tax cuts planned for July would go ahead.

The Treasurer pointed to the contribution made to the latest figure by housing costs, particularly in Sydney, and suggested the quarterly figure would have been 1.4 per cent without housing costs. He announced that the methodology for measuring these costs was to be reviewed, and said the Government was also calling a meeting of Australian state premiers to discuss housing land supply and development.

On the markets, yields on 90-day paper finished at 16.95, up from 15.55 at Monday's close, while the rate for 10-year bonds ended at 13.30 from 12.82. The Australian dollar strengthened against the currencies of its major trading partners, rising 0.9 to 66.7 (May 1970=100), the highest since March 1985. Against the US dollar it breached the 89 US cents mark to hit a four-and-a-half year high.

Keating's 'dream run' turns into a nightmare

Chris Sherwell examines the options for Australia's Government following the latest inflation figures

LIKE sentiment for its erratic cricket team, expert perceptions about Australia's economy have once again reversed. Yesterday's inflation figures were deliberately played down by the Labor Government, but complacency is turning to fear among shocked employers, trade unionists, bankers, traders and economists.

The figures, showing an annual rise in prices of 7.7 per cent for the year to December, were far ahead of expectations and confirmed a rising inflation trend well ahead of the country's main trading partners. The Government's recent forecast for June of 5 to 6 per cent, itself revised from 4.5 per cent, already looks dubious.

The figures also follow other tell-tale signs suggesting that the economy's irrepressible buoyancy is having damaging consequences. On the balance of payments, Australia's current account deficit, covering the first six months of the financial year, hit A$8.25bn (£4.12bn) in December, not far short of the A$9.5bn projected last August for the full year.

One result is that the country's burdensome foreign debt is still rising. Now A$120bn gross, A$93bn net, the level makes Australia one of the most heavily indebted nations per capita in the world, living way beyond its means and with little prospect of a significant reduction as a percentage of gross domestic product before 1993.

Mr Paul Keating, federal Treasurer since Labor came to power in 1983, pointed out recently that the problems Australia currently faces are those of a strong rather than a weak economy – difficult to manage, to be sure, but not as worrying as in the dark days of 1985 and 1986, when he invoked the awful spectre of a "banana republic" to win popular backing for the tough measures he belatedly decided to impose.

At that time Australia faced a record current account deficit as falling commodity prices knocked its terms of trade, and a swelling public sector deficit. As the currency plummeted, Mr Keating sharply tightened monetary policy, embarked on successive rounds of public spending cuts and won crucial union backing for real wage restraint.

Despite the odds, Labor won a historic third term in office in July 1987, ahead of the crash which abruptly halted the helpful five-year bull run on the stock market. Far from bringing great convulsions, the crash brought lower interest rates. Instead of a recession, growth surged on the back of booming prices for Australia's key commodity exports.

By mid-1988, Mr Keating, having apparently secured his and the Government's reputation as a successful economic manager, set up a "dream run" to the next election, due by 1990. Delivering budgets yielding massive surpluses and promising tax cuts in 1989 linked to continued wage restraint, he prepared to take over the Labor leadership from Mr Bob Hawke.

Alas, the dream has begun to look like a nightmare. Mr Hawke, relishing his personal success, has refused to budge, forcing Mr Keating to choose between staying on or getting out. To have left would have damaged Labor irreparably, but in opting to wait, he has found his job souring again.

Just as his relaxation of monetary policy after the crash was overdone, the subsequent tightening, with hindsight, came too little, too late. Investment picked up, but the metropolitan housing markets, especially in Sydney, went crazy.

The commodity boom meanwhile brought a 20 per cent improvement in Australia's terms of trade by September, lifting farm, mining and other corporate and personal incomes. The promise of tax cuts reinforced the consumer optimism, while the job market tightened.

The results have since shown up in dismal trade figures, and now in disastrous inflation figures. Attempts to dampen domestic demand by further sharp tightening in monetary policy have lifted interest rates to levels not seen in two years. This is posing a threat to much-needed investment and hurting export competitiveness by pushing the Australian dollar to ever higher levels.

Yesterday the currency finished at 66.7 (May 1970=100) on a trade-weighted basis, the highest since March 1985, and breached 89 US cents against the US dollar, the highest since May 1984. Exporters of coal, iron ore, beef and wool are complaining about the impact on their revenues, while manufacturers' export effort has simply faltered.

Mr Keating has previously voiced hopes that the stronger dollar will help contain inflation, which last year he dubbed Australia's "number one economic disease". Yesterday's figures show that has yet to happen, despite his insistence that housing costs, swollen by his own monetary policy, were distorting an underlying trend downwards.

The inflation result also increases the chances of a wages explosion, a risk already apparent because of the tight labour market. If that happens, it will wreck his plans of a wages-tax trade-off for 1989-90 and further undermine business competitiveness.

Logically, he has three immediate policy options, and none is comfortable:

● Tighten monetary policy still further. With interest rates at 17 per cent, he is reluctant to do this, not least because of its consequences among electorally sensitive constituents such as first-time house-buyers. In any case Mr Hawke, perhaps rashly, promised last week that interest rates would come down later this year.

● Look for further cuts in public spending. In rebalancing monetary policy with a tighter fiscal policy, this might help psychologically, but the effects would not be felt speedily. Mr Keating has ruled out such cuts in the past, saying they had already gone far enough federally and would hurt the neediest people. Further cuts in state spending remain a likely target.

● Insist on a further year of restraint in real wages, or at least abandon the planned tax cuts. The trouble here is that Mr Hawke and Mr Keating have promised that the tax cuts will go ahead, while the trade union movement has gone too far down the current wage negotiation road to attempt a U-turn. A switch now might threaten Labor's all-important "accord" with the unions.

Australia's current economic problems are not those of a "banana republic," as some local analysts are again suggesting. But they are undoubtedly serious. Mr Keating, perhaps with an eye to Western Australia's state election on Saturday, insisted yesterday that no change in policy was necessary. But people in the markets want action.

That could come soon. With the next national election widely expected before the end of the year, Mr Keating, Mr Hawke and Labor know their political future is once again on the line.

China ready to profit from choice of Lama

By Colina MacDougall

CHINA's ruling State Council has asked Tibetan lamas to "arrange incarnation procedures" to replace the Panchen Lama, Tibet's second highest religious leader, who died on Saturday at the age of 50 in Tibet. He was visiting the region's second city, Xigaze, to preside at the consecration of new tombs for five of his predecessors dug up in the Cultural Revolution.

Thus the Chinese are setting in motion the ancient Tibetan process whereby an infant is sought by holy men as the reincarnation of the former leader.

Peking will probably hand-pick lamas to do the job. A boy who displays required intelligence, recognition of certain signs and special physical characteristics will be duly found.

But this procedure usually takes two or three years, and even in the late Panchen's case, there were several rival candidates. Though eventually a regent will be appointed and Peking will probably be able to make capital out of the selection procedures, at this point the Chinese are left with no senior Tibetan religious figure to rely on.

While just the week before his death the Panchen criticised China's policies in Tibet and earlier spent nearly 10 years in a Chinese jail, by and large he aided Peking by collaborating. One purpose of his visit last week to Xigaze was to calm the growing nationalist feeling before the Prayer Festival in February.

Last year this festival sparked an independence demonstration in which many monks and a Chinese policeman died, and Peking is anxious that this should not be repeated. At the latest protest in Lhasa, on 10 December, several Tibetans were shot dead and a foreign tourist wounded.

The sudden death of the Panchen leaves Peking with another problem, the Tibet Development Fund which he launched in 1987. Under the auspices of this body, millions of rich Tibetan exiles have been invited back to Xigaze (the traditional seat of the Panchen Lama) to open up factories, much as the Overseas [illegible] have returned to [illegible] the mother country.

[illegible] Xigaze say these visiting Tibetans live in style in the Panchen's palace, often exploiting the nationalism of young local workers and making money which appears not to be reinvested in the development of Tibet.

Resentment is also growing that Xigaze has been given overmuch aid by Peking to rebuild monasteries wrecked in the Cultural Revolution. On top of that, some of this money is thought to have found its way into the pockets of doubtfully authentic lamas. Xigaze has other privileges too, such as a higher number of monks allowed (around 700) as opposed to the handfuls permitted by the Chinese in the Lhasa monasteries.

Xigaze is profiting from being closer than Lhasa to Nepal, where Chinese trade, even with Chinese shops, is growing noticeably. This cross-border commerce provides outlets for Xigaze's new factories.

This trade has been boosted in recent months by a swing from Nepal into the Chinese orbit. An arms deal (shipments of weapons have already arrived), a new border protocol and a declaration by the Nepali government that it would not permit hostile activities by Tibetans on its soil bear witness to this. In September it returned more than a dozen Tibetan refugees to China.

This rivalry, plus the wrangling over the development fund and the choice of a new Panchen, may play straight into Peking's hands as it battens down on growing demands from ordinary Tibetans for more independence.

Iraq delays general elections

IRAQ has postponed general elections for a month to allow more candidates to stand and make themselves known to the electorate, the official Iraqi news agency INA said yesterday, Reuter reports from Baghdad.

It said elections to the 250-seat National Assembly, first scheduled for last August but put back to March 1 because of the ceasefire in the war with Iran, would now be held on April 1.

President Saddam Hussein presided over a joint meeting of the Revolutionary Command Council (RCC) and the ruling Baath Party's regional leadership to discuss amendments to electoral laws, INA said.

It said the talks followed earlier meetings aimed at "deepening the practice of democracy and further developing it where the National Assembly plays an active role."

The leadership discussed ways to provide "more chances for those who want to stand for the National Assembly and create an atmosphere for wider legitimate competition among candidates."

The postponement would give candidates more time to introduce themselves to the people, INA said.

A total of 782 people stood in 1984 in the last elections. The Government covers campaign expenses but candidates must repay them if they fail to win at least 1,000 votes.

An electoral commission said last year that members of the armed forces and security services should resign their posts if they wanted to stand for election. The assembly, elected for a four-year term, debates draft laws and after approval passes them to the RCC, the top legislative body headed by Mr Hussein.

The RCC increased the powers of the assembly elected in 1984, giving it the right to question ministers and inspect government agencies as part of a drive to fight bureaucratic red tape. Mr Sadeq Hamid Alloush, a health minister, became its first victim when Mr Hussein sacked him last May. The assembly had passed a vote of no confidence in Mr Alloush after an investigatory committee uncovered negligence and inadequate work at several hospitals and medical institutions.

More than 7m people are eligible to vote, including Kurds in the autonomous region of Kurdistan, which has a 50-seat legislative council.

Libya chemical weapons move

LIBYA, accused by the United States of building a plant to produce chemical weapons, has applied to participate in UN-sponsored talks on banning them, diplomats said yesterday, Reuter reports from Geneva.

The diplomats said that Libya and several other countries had sought permission to address the 40-nation conference on disarmament and its chemical weapons negotiating committee. The conference will begin its winter session on February 7.

"I think it would be a very positive development," a Western diplomat said. "It could bring extra difficulties but the important thing is that these countries will be brought into the negotiating process."

Membership of the conference has been limited largely for practical reasons, but diplomats said that since any chemical weapons treaty would have to include all or most of the world's nations it was important to involve them at least as observers.

"The committee is concerned about drafting a convention, and we are interested in knowing what's going on because one day we will be asked to sign the convention," a Libyan diplomat said. Other nations which have asked to be observers in the session include Syria and North and South Korea.

Concern about chemical weapons has grown since Iraq used them to help turn the tide in its war with Iran. It intensified in the last two months when Western countries alleged that Libya was building a chemical arms plant near its capital Tripoli. The US and West Germany say they have evidence that the plant will produce poison gas, but Libya says that it is merely a pharmaceutical factory.

A January 7-11 international conference in Paris focused world attention on the need to reach a quick ban on chemical weapons and to involve as many nations as possible.

Disarmament conference member Iran has in the past blocked non-member Iraq from speaking. Iraq has not yet applied for the new session. But diplomats feel Iran will be under pressure not to block the participation of any nation.

Iran joined in the following "solemn declaration" at the Paris conference: "The participating states . . . believe that any state wishing to contribute to these (Geneva) negotiations should be able to do so."

Peres budgets for year of change

By Andrew Whitley in Jerusalem

MR SHIMON PERES, the Israeli Finance Minister, yesterday presented parliament with a Shekel 52.4bn (£16.46bn) budget for the financial year starting in April. Its underlying goal is to keep the economy on an even keel during what officials expect to be a transitional year.

In a speech notable for its sober realism about the country's short-term prospects, Mr Peres emphasised the need for change in "outdated economic structures", an indirect reference to the severe troubles being encountered by enterprises owned by or affiliated to Histadrut, the trade union federation.

"It is Israel's duty to find its place in a changing world economy," he said, stressing the need for greater exports and competitiveness. The Finance Ministry is forecasting a 4.5 per cent increase in exports during 1989 after a 3 per cent decrease last year.

But the size of the task facing Mr Peres as he attempts to reshape the Israeli economy was underlined in his budget breakdown. A full 40 per cent of spending has been allocated to debt servicing. The next largest item, security and defence, is to receive 22 per cent, leaving barely a third for everything else.

Overshadowing the annual budget speech is a looming crisis in the kibbutzim, agro-industrial collectives owing an accumulated $4bn to local banks; a crisis threatening to come to a head in the near future.

Bankers confirmed yesterday that the Treasury has been warned by the main banks that these debts will not be rolled over any further if agreement on resolving the problem is not reached within the coming days.

Sharansky may be UN envoy

MR Natan Sharansky, the former Soviet dissident and a national symbol since his release after nine years in Soviet prison, has been proposed as Israel's next ambassador to the United Nations, government officials said yesterday, Reuter writes from Jerusalem.

Mr Sharansky, who changed his name from the Russian Anatoly Shcharansky when he arrived in Israel in 1986, is an outspoken critic of Soviet human rights abuses and was jailed on Soviet charges of espionage. He was freed in an East-West prisoner swap.

PLO delays forming government

By Lamis Andoni in Amman

THE PALESTINE Liberation Organisation has decided to put off the formation of a provisional government for the time being and is seeking to set up a committee of Arab states to prepare for the convening of an international Middle East peace conference.

The PLO has not dropped the idea of a provisional government but Palestinian officials in Amman and Tunis say the formation of such a body will need more time and discussion.

The PLO was hoping that a provisional government would complement its November 15 declaration of an independent Palestinian state and prompt more countries to recognise the theoretical entity. But recent high-level contacts between the organisation and West European governments have led the PLO leadership to conclude that such a step might actually hamper its cause in Europe at this stage.

The problem arises from an internal PLO debate about the composition of a provisional government. Some officials have been arguing that the proposed body should include "moderate" figures from outside the organisation to make it a more acceptable negotiating partner for the US and Western Europe. Others say the government should include a broad spectrum of opinion in accordance with the PLO's current structure.

Meanwhile, the PLO has been seeking Arab approval for the formation of a regional preparatory committee to lobby for a United Nations-sponsored peace conference. The proposed committee would comprise Jordan, Syria, Egypt, the PLO and Lebanon, the five Arab countries that would be expected to take part in any eventual conference.

India's high-technology guru takes on the multinationals

David Housego examines the multi-billion dollar battle to upgrade India's notorious telephone system

PRESIDENT Mitterrand's visit to India this week will highlight a tussle involving the French over telecommunications policy. It is a conflict that speaks volumes about the way government functions in India these days.

The clash is over the choice of a digital telephone switching system for the country's main urban exchanges – a multi-billion dollar market over the coming years because of the primitive state of India's telephone system.

The contest pits multinational telecommunications groups, particularly Alcatel of France, against Mr Sam Pitroda, a charismatic figure, now India's high technology guru who threw up an electronics career in the US to become a close adviser with ministerial rank to Mr Rajiv Gandhi, the Prime Minister.

Four years ago, he established the government-backed Centre for the Development of Telematics (C-Dot) where a team of 200 young engineers, fired by his enthusiasm, have designed digital switching systems from small rural exchanges with 80 lines to complex 16,000-line main exchanges.

Mr Pitroda wants India to adopt his main exchanges for its telephone network. But his opponents describe his "go-it-alone" policy as a dream, pointing to the billions spent by multinationals on developing digital switching systems – the computerised control of telephone exchanges.

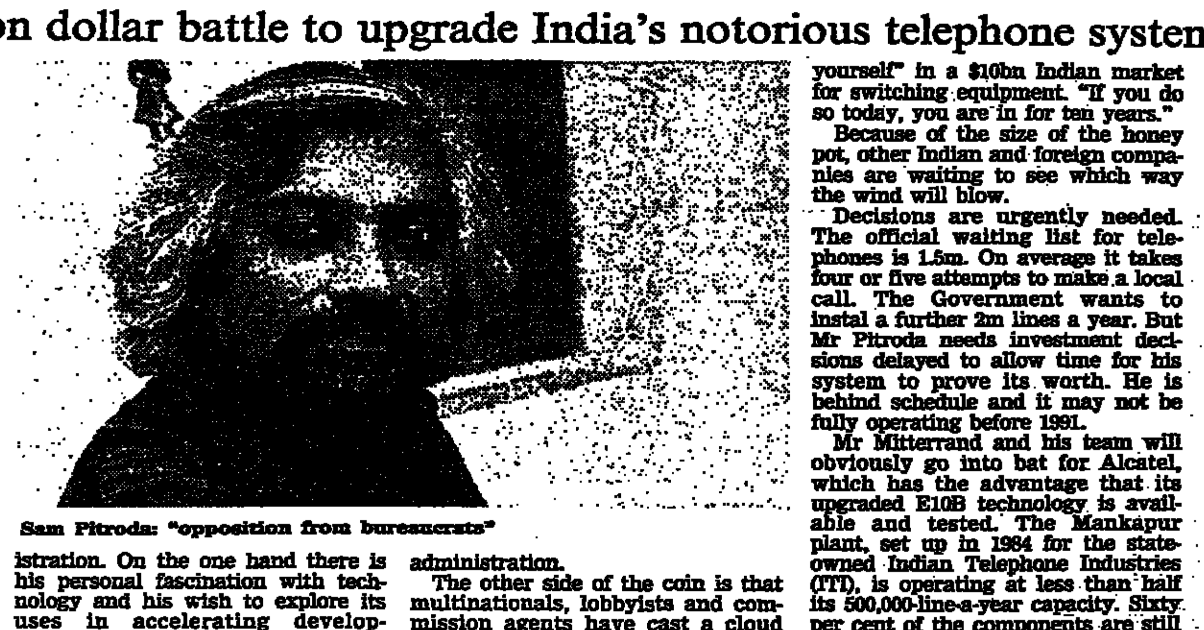
Chief among these opponents is Alcatel, which sold India its only plant making digital switching systems. However, the plant has experienced delays in procuring components and higher than expected costs.

Now, after five lean years without a further contract, Alcatel has joined with the immensely wealthy Hinduja family to propose an upgrading of the existing plant and a new joint venture to double capacity.

The Hindujas made their wealth from arms trading in Iran under the Shah. They are credited in India with an inside track to the Prime Minister's officers possessed by few other business groups. They are alleged to have been intermediaries for the Swedish group Bofors in its controversial weapons sale to India.

Without naming names, Mr Pitroda says "there is lots of underground activity in telecommunications . . . All kinds of people come investigating and snooping around on what is happening."

The conflict thus reflects two aspects of Mr Rajiv Gandhi's administration.



Sam Pitroda: "opposition from bureaucrats"

On the one hand there is his personal fascination with technology and his wish to explore its uses in accelerating development – Sam Pitroda heads several technology missions ranging from telecommunications to adult literacy and immunisation whose task is to seek unconventional, non-bureaucratic approaches to key problems that have got bogged down in the administration.

The other side of the coin is that multinationals, lobbyists and commission agents have cast a cloud over Mr Gandhi's administration. And it seems likely to haunt him through the next election, with the opposition making corruption a central issue.

The stakes are immense. Mr Pitroda says it is time to "position yourself" in a $10bn Indian market for switching equipment. "If you do so today, you are in for ten years."

Because of the size of the honey pot, other Indian and foreign companies are waiting to see which way the wind will blow.

Decisions are urgently needed. The official waiting list for telephones is 1.5m. On average it takes four or five attempts to make a local call. The Government wants to instal a further 2m lines a year. But Mr Pitroda needs investment decisions delayed to allow time for his system to prove its worth. He is behind schedule and it may not be fully operating before 1991.

Mr Mitterrand and his team will obviously go into bat for Alcatel, which has the advantage that its upgraded E10B technology is available and tested. The Mankapur plant, set up in 1984 for the state-owned Indian Telephone Industries (ITI), is operating at less than half its 500,000-line-a-year capacity. Sixty per cent of the components are still imported – well above the level planned.

Alcatel blames Indian bureaucracy. It says ITI – which took over the running in 1987 – failed to order components in time. It attributes high costs to financial charges and customs dues. In the venture with the Hindujas it wants an equity stake giving it a stronger hand in management.

The irony is that Mr Pitroda is the type of unconventional iconoclast for whom Mr Mitterrand has a natural liking. With his shock of grey hair, irrepressible flow of words and contagious energy, he is not unlike Mr Jack Lang, the French Minister of Culture.

Mr Pitroda's family of digital switching systems uses a modular approach. The basic building block is a microprocessor-controlled 128-port private business PABX exchange. Large capacity exchanges are multiples of this linked together like wagons in a train. Mr Pitroda says this system greatly reduces the number of printed circuit boards and that only 20 per cent of the components – essentially the memory chips – would be imported. Alcatel officials say that with a modular system the difficulties grow more complex the more you expand it.

Mr Pitroda believes that he has run into opposition within the bureaucracy from those who are "indirectly promoting some commission agent's product".

He leaves little doubt that he will fight Alcatel tooth and nail.

Burma refugee deadline expires

THE DEADLINE for the return of students and other anti-Burma government demonstrators expired yesterday, with more than 2,300 reported to have come home from frontier areas where they fled after a military crackdown on dissent, AP reports from Rangoon.

The Government said last week that 2,313 students and others had returned from border areas. It said that although the formal deadline would not be extended, returnees would be accepted after January 31 at 27 government reception centres.

The Government estimated 3,000 people fled to the Thai-Burmese border and other frontier areas following the September 18 military coup and the shootings of hundreds of anti-government demonstrators.

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AMERICAN NEWS

Greenspan stresses role of G7 in exchange rate stability

STRONG backing for continued stability of exchange rates through international policy co-ordination was expressed yesterday by Mr Alan Greenspan, the chairman of the US Federal Reserve, before the meeting in Washington tomorrow evening and on Friday of the finance ministers of the Group of Seven industrial countries, writes Peter Riddell, US Editor, in Washington.

In wide-ranging evidence to the Joint Economic Committee of Congress, Mr Greenspan also said he wanted periodic meetings with President Bush to co-ordinate economic policy and he minimised recent alleged differences with the White House.

Acknowledging the change in policy by the G7, Mr Greenspan said that "in the last year or so" co-ordination had been sufficiently successful to create a degree of stability in major bilateral exchange rates, so that previous uncertainties which had made markets volatile had to largely been removed.

Reaffirming the continued desirability of stability for the dollar, Mr Greenspan also said that "another tranche" of improvement in the US trade deficit could be expected at existing exchange rates. He said that unfilled orders for exports were still rising, so expected a resumption of the decline in the deficit in 1989.

Mr Greenspan also defended the tightening of US monetary policy over the past year which, he said, was "more likely to extend out the recovery rather than to bring an early halt". While not seeing anything currently which would create a recession, he noted that there was nothing to suggest that the business cycle had been repealed.

In face of concern expressed by Democratic members of the committee about differences with the presidency over the priority of fighting inflation, Mr Greenspan said there was "far less here than meets the eye". He and the President were "very old acquaintances" and any differences in approach were "negligible" and "quite minuscule".

Mr Greenspan said he was speaking with Mr Nicholas Brady, Treasury Secretary, on "a continuous basis" and he favoured the revival of the previous four-sided group (also including the budget director and chairman of the Council of Economic Advisers) to co-ordinate policy regularly, coupled with meetings with the President "from time to time". He had last talked with Mr Bush in December when he was "quite amenable" to this.

Mr Greenspan repeatedly stressed the importance of Congress agreeing on a multi-year package for eliminating the budget deficit, which could have "dramatic and rather extraordinary effects on financial markets in bringing interest rates down".

He said that a reduction in the likely deficit of $161bn in the current 1989 fiscal year to $110bn or even $120bn in 1990 would be an improvement.

US sets up task forces on securities fraud

MR Dick Thornburgh, US Attorney General, yesterday announced the formation of securities and commodities fraud task forces in six US attorney offices, Reuter reports from Washington.

The cities are Chicago, Los Angeles, San Francisco, Kansas City, Denver and the Manhattan district of New York City.

Mr Thornburgh said that "as a result of the burgeoning number of fraud investigations and prosecutions, I have become convinced that a concerted interagency effort is needed".

Plan to widen health care

A commission headed by three former presidents – Nixon, Ford and Carter – has proposed a US national health safety net to provide basic care for the 37m Americans not covered by existing schemes, writes Anthony Harris in Washington.

The initial cost of the scheme, which would be structured to encourage all who could afford it to opt for more comprehensive private insurance, is put at $15bn, adding a little over 5 per cent to the annual US health bill of $550bn.

The Universal Access scheme would be paid for by companies and individuals with more than 150 per cent of the official poverty income.

Peru set to unveil economic measures

PRESIDENT Alan Garcia of Peru said yesterday that Mr Carlos Rivas Davila, Peru's Finance Minister, would soon unveil the Government's economic programme, writes Veronica Baruffati in Lima.

There has been criticism that the Government has no economic programme and that the measures adopted since last September have been piecemeal. President Garcia admitted he had been wrong not to divulge the programme.

Mr Rivas will explain the programme for February to June which will include monthly readjustments of exchange rates, fuel prices and inflation-indexed wages.

US Treasury denies report on Mexican debt

By Stewart Fleming in Washington

THE US Treasury yesterday officially denied reports that it had drawn up a plan for the restructuring of Mexico's debt.

"Reports in today's issue of the Financial Times that the US has put forward a plan for a Mexican debt restructuring are incorrect and without foundation," the Treasury said.

"The options discussed in the article have not been developed by the US Treasury Department and are not being sponsored by the US Government. We believe as a matter of policy that specific financing and restructuring plans must be developed by the respective debtor nations in co-operation with their commercial bank creditors," the Treasury added.

Officials maintained that the proposals outlined in the report may have been based on an internal study prepared by a private financial institution, adding that such papers are often sent to the Treasury. But they refused to identify the source of the document.

It appeared yesterday that the creator of the report, described as still in an early draft stage, was American Express Company in New York.

Mr Lawrence Armour, a spokesman for American Express in New York, said yesterday: "Based on our reading, it indeed appears to be a paper that was pulled together here for internal discussion purposes only."

● The report from Mexico City, published in yesterday's edition, was based on documents supplied to the FT and represented as a US Treasury working paper. We now accept that the paper was not drawn up by the Treasury, and we regret the error.

Brady likely to enlist ex-industrialist as aide

By Lionel Barber in Washington

MR NICHOLAS BRADY, US Treasury Secretary, is set to call on a former pharmaceutical industry executive, Mr John Robson, to help him run the department.

Mr Brady has come under fire recently for his handling of the savings and loans crisis. Mr Robson, a former government official, is expected to bring useful political experience to the Treasury, where several officials have followed Mr James Baker to the State Department.

Mr Robson had extensive experience in the Johnson and Ford administrations, mainly in transportation and airline deregulation. He served as president and chief operating officer of G.D. Searle & Company, a pharmaceutical company, from 1977 to 1985, and has been active in Republican campaigns. He is currently head of Emory University's business school in Atlanta.

Mr Baker, meanwhile, is said to favour Mr Richard McCormack, a conservative former Congressional aide to Senator Jessie Helms, the North Carolina Republican, for the post of Under-Secretary of State for Economic Affairs, which is the State Department's top economics job. Mr McCormack is now US ambassador to the Organisation of American States.

Some administration officials favoured Mr Robert Hormats, a New York investment banker, who has extensive government experience in international economics. But Mr Baker, ever mindful to guard his conservative flank, apparently wanted to make some senior appointments that would please the Senate conservatives.

Mulroney acts to cut deficit

By David Owen in Ottawa

MR Brian Mulroney, the Canadian Prime Minister, plans to centralise his new Cabinet's expenditure approval process in an attempt to make inroads on the federal budget deficit, which is causing increasing concern.

He said reduction in the federal deficit, running at nearly C$30bn (£14.3bn) a year, is a priority for fiscal 1990, and rising interest rates in 1988 have created difficulties on the fiscal side.

Higher than expected interest costs are placing additional onus on the maintenance of tight spending controls if deficit reduction targets are to be met or surpassed. The projected deficit for the 1989-90 fiscal year stands at C$28.6bn.

Mr Mulroney has upgraded the 19-strong committee on priorities and planning, which emerged as the central policy-making forum in his previous administration.

Attempts to curb federal spending may hit Canada's plan to buy 10 nuclear submarines, based on French or British technology for C$8bn. The Government is still committed to the submarine programme, said Mr Mulroney "but it will be reviewed by the new Cabinet like everything else".

In the Cabinet reshuffle he moved Mr Perrin Beatty, champion of the nuclear submarine programme, from defence to health and welfare.

Ortega to cut spending in austerity drive

PRESIDENT Daniel Ortega of Nicaragua has announced plans to cut the budget by nearly half, lay off 35,000 troops and public employees and end subsidies for basic goods in an effort to end the country's economic woes, AP reports from Managua.

He said in announcing the austerity plan on Monday that city dwellers would be hit hardest and suggested many might move back to rural areas.

Speaking to the National Assembly, Mr Ortega called for the co-operation of private business and told landowners that the leftist Sandinista government would no longer confiscate private property.

He said Nicaragua's 3.5m people needed to make sacrifices to revive the economy and reduce inflation, which reached 20,000 per cent last year. He said the federal budget this year would be cut by 44 per cent – 461m cordobas or about $100m-$200m.

The President said the Government would impose a "war economy" policy if inflation was not brought under control.

In an interview with the El Nacional newspaper in Caracas, Venezuela, he said the reduction in workers would include 23,000 from the army and Interior Ministry and 12,000 from other public institutions. The Sandinista army had 74,000 troops last year, including reservists and militia.

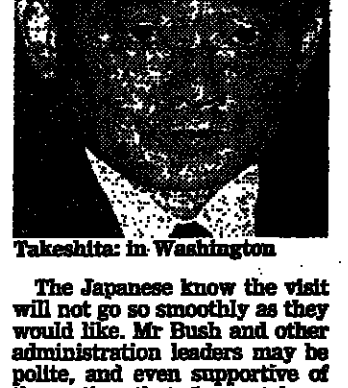
Laid-off workers will receive temporary compensation and be offered agricultural employment, he said.

Mr Ortega said the official and parallel rates of currency exchange would be merged to eliminate black market demand for dollars. He did not say what the rate would be.

Japanese PM pitches for a 'higher plateau' in US links

Ian Rodger examines Tokyo's special relationship

WHEN Mr Noboru Takeshita made his first visit to Washington as prime minister a year ago, he went very much in the old style of Japanese leaders. He took various gifts in the form of policy initiatives in a bid to assuage US anger at Japan's failure to open its markets and contribute to solving the world's problems.



Takeshita: in Washington

Today, as Mr Takeshita begins his second US official visit, the contrast could not be more complete. There are no gifts being offered, no new policies being trotted out to try and dampen US criticisms.

Japanese officials claim airily that all bilateral issues have been solved and that they, at least, have no intention of raising any new ones during the prime minister's two days of talks in Washington.

Their objective is to pitch the bilateral relationship onto "a higher plateau", as one foreign ministry official put it last week, based on the probably accurate, if immodest, assessment that "our relations have grown to such an extent that close co-ordination is essential for global welfare."

This claim implies Japan is no longer the dependent and ever responsive ally of the US, but an equal partner in a huge and complex interdependent relationship.

Thus, Mr Takeshita wants to talk to President George Bush about East-West relations, dealing with world environment problems, the South American debt problem, Third World development and the management of the world economy, including the Gatt world trade system.

The Japanese know the visit will not go so smoothly as they would like. Mr Bush and other administration leaders may be polite, and even supportive of the notion that Japan take a bigger share in world leadership.

But Mr Bush has, after all, recently endorsed the notion that the US-Japanese relationship is his country's most important bilateral link, and has demonstrated it by planning to attend this month's funeral of Emperor Hirohito.

Mr Takeshita, however, also plans to visit Congressional leaders on Capitol Hill, where he is unlikely to get so respectful a reception.

The old complaints are likely to resurface about Japan's markets being too difficult to penetrate, reinforced by the latest trade figures showing the Japanese trade surplus remaining stubbornly high.

Some Congressmen will claim Japan's contribution to the collective defence effort is too small while others will berate the country for leaking sensitive Western technology to the Soviet Union.

The Japanese will, as usual, be well equipped with answers, and will be eager to present some of them following recent criticism from Mr John Tower, the new Secretary of Defence.

They will point out that defence spending is going up by 5.9 per cent in the next fiscal year, and that Japan will continue to provide more financial support for US forces stationed in its territory than any other ally.

Mr Tower has also said a Japan-US joint development of a new fighter aircraft was a "lousy idea" because Japan would receive a lot of US technology inexpensively. The Japanese claim they were prepared to develop a fighter independently, but gave in to US pleas for a joint venture.

On economic issues, Mr Takeshita is likely to be much more strident than any Japanese prime minister has ever been. Japan, he will say, has done all that was asked of it to try to promote structural adjustment.

Despite the high trade surpluses, the economy has been driven by domestic demand, not exports, for the past three years. The US, on the other hand, has done little to reduce its deficits or the propensity of its consumers for imported products.

The Japanese will argue that frictions are inevitable in a relationship as large and complex as that between the US and Japan. Mr Takeshita's officials probably expect nothing more at this point than a sympathetic response from the Bush Administration.

WORLD TRADE NEWS

EC pact on Palestinian farm produce in trouble

By Andrew Whitley in Jerusalem

A LANDMARK agreement made between Israel and the European Community – permitting the direct export of Palestinian farm produce to Western Europe – is in chaos.

This follows the near total failure of the first shipments from the occupied territories last month.

After many months of painstaking diplomatic work, the breakdown of marketing arrangements sponsored by the European Commission has angered Palestinian exporters, embarrassed Brussels officials and, privately, delighted the Israeli government.

Israel fought hard to prevent West Bank and Gazan exporters being able to market their produce abroad on equal terms to protected Israeli farmers.

In retaliation, the Community blocked a package of trade and finance protocols benefiting Israel, for two years.

Only in October did the European Parliament finally approve the protocols, after the Government of Mr Yitzhak Shamir reluctantly conceded that, starting this winter season, Palestinian farmers could export their goods to Europe without hindrance, through Israeli ports.

Apart from a small quantity of aubergines and green peppers enjoyed by customers in the south of France, none of the farm produce from the Israeli-occupied territories has yet been sold.

The problems that have arisen centre on T Port, a large fruit and vegetable wholesaler with offices in Rotterdam, Hamburg and London.

With the encouragement of Brussels, this company contracted with Gazan citrus producers to market a total of 16,000 tonnes of grapefruit and oranges between December and April.

The first shipment of 1,100 tonnes of first-grade grapefruit left the Israeli port of Ashdod at the beginning of December, bound for Rotterdam.

There it has stayed, building up warehouse storage charges for the increasingly desperate exporters.

Citrus is a mainstay of the impoverished Gazan economy. The exporters' association in Gaza claims it was misled into believing it was obliged to ship all produce through the Rotterdam-based concern.

Although the Commission financed the trade missions, it was the Dutch Government which took the lead in arranging for experts – one of whom was seconded from the company itself – to advise the Gazans on selling in the highly competitive European market against Agrexco, the well-established Israeli agricultural state body.

After months of painstaking diplomatic work, a breakdown of marketing arrangements sponsored by the European Commission has angered Palestinian exporters, embarrassed Brussels officials, and privately, delighted the Israeli government

Some 10 days ago, the Gazan exporters sent an angry telex to the Commission, whose line of defence is that it was only responsible for creating the political and legal framework to make the exports possible.

The first shipment of aubergines sent last month by the West Bank association of agricultural co-operatives to Marseilles, aboard an Agrexco boat, also encountered problems.

When the 40-tonne consignment arrived at its destination, it was found that 80 per cent of the high-value winter vegetable had been spoiled, through being stored on board ship at the wrong temperature.

Laura Raun adds from Amsterdam: T Port firmly denies any hint of wrongdoing but admits Palestinians will reap almost nothing from the first consignment due to an unfortunate array of circumstances.

About 85 per cent of the 1,100 tonnes of grapefruit has been sold in the Netherlands, West Germany, UK, Denmark and France, according to the director of the company in Rotterdam. Proceeds will be remitted to the Palestinian growers soon but will be marginal because costs soared amid delays, glutted market and extra transport.

"The big problem is a lack of ships and no direct links," he complained. "Clients need regularity every week in our business...not a one-off."

Delays in loading and shipping the grapefruit meant the produce arrived in Rotterdam just before Christmas and a subsequent plunge in prices, he explained.

The fruit was stored temporarily during the Christmas holidays because many shops are closed and marketing started in earnest at the beginning of January.

It had to be shipped further than originally planned – to Denmark – to find a market.

The company is responsible for chartering the transport ships. But the director noted that vessels which have traded with Arabs were blacklisted, telecommunications links were bad and Arab dockworkers were delayed by the disturbances in the occupied territories, the Israeli-imposed curfew and hot weather.

"This was just a test case to see whether the European market could be opened," he observed. He believed that the next shipment, of oranges, is due around February 10 and hoped it would do better.

But he cautioned that European fruit prices remain under pressure and the Palestinian produce goes through the normal Dutch auction channels.

Tim Dickson in Brussels adds: European Commission officials have confirmed that there had been a "commercial dispute" over 1,100 tonnes of grapefruit shipped by Palestinian producers – the first consignment of the contract with a Dutch importer.

"The price fell on the European market and they are trying to sort things out," said one expert. "As far as we know, they have not yet supplied the second consignment."

The feeling in Brussels is that the problem is a commercial matter between suppliers and importers – and that while the EC set up the infrastructure for the direct trade between the occupied territories and the Community, it would not be appropriate for the Commission to intervene.

Italy hits at Britain over Japanese car plants

By John Wyles in Rome

BRITAIN'S readiness to play host to Japanese car plants was criticised yesterday by Mr Renato Ruggiero, Italy's Minister of Foreign Trade, who accused the UK of "lacking solidarity" with its European Community partners.

He claimed that the courting of Toyota, following construction of the Nissan plant and Rover's collaboration with Honda, would undermine the Community's attempt to negotiate a car export restraint agreement with Tokyo, to come into effect after 1992.

"This is too much. The British are continuing to offer regional aid to highly competitive investors and setting them export targets to other European countries," Mr Ruggiero said.

"It is like me offering money to Suntory to set up in the south of Italy and telling them to sell certain quantities in Scotland."

Mr Ruggiero was concerned about the need to negotiate an export regime with Japan to discipline Europe's car imports when Italian and French national quotas are lifted in 1992.

"We shall have to take into account Japanese production in Europe as well as imports from Japan. But I want to negotiate with the Japanese authorities, not the Japanese in the UK."

Britain should at least discuss the issues with its EC partners before closing any new deals with a Japanese manufacturer, the Minister added.

Italy would be forced to adopt the UK's approach and this did not exclude seeking to attract a Japanese car plant.

Until now, Italy's quota restrictions on 41 different Japanese products has decided Japan to put most of its direct investment elsewhere.

Mr Ruggiero hopes to be able to announce to a delegation from Japan's Ministry for International Trade and Industry, which is visiting Rome next week, that Italy will be adopting a programme for a phased withdrawal of these quotas.

In return, he will seek undertakings on direct investment in Italy.

Stereo filip for Filipino exporter

Richard Gourlay on a company's breakthrough in foreign sales

THE EXPORT of 3,000 car stereos from the Philippines to the US this month may not go down as the most memorable breakthrough in trans-Pacific trade. But for a small Manila company, Mabuhay Electronics, it is a milestone on a traumatic journey that will nevertheless make it a major assembler and exporter of colour televisions for Samsung Electronics of South Korea.

At times Mabuhay's story takes on an Alice in Wonderland quality. The Government's Board of Investment, for example, in applying rules to encourage exports actually closed the fledgling Mabuhay, giving protection instead to such giants as Philips, Sharp, National, Hitachi and Sony, all of which are well established locally and none of which export colour televisions.

Mabuhay's experience also highlights the difficulties facing countries such as the Philippines when they try to develop their industries beyond simple assembling and packaging operations based on cheap labour.

Mabuhay should export 60,000 colour televisions to Samsung Electronics of America this year and is aiming for 100,000 in 1990. The rising South Korean currency and the loss of the US generalised system of preferences privileges has already encouraged Samsung to start producing in Malaysia and Indonesia.

Its involvement in the Philippines began 18 months ago when the Filipino-Chinese in Mabuhay decided to break the Japanese grip on the rapidly growing domestic television market. Samsung loaned technicians, line engineers and its technology and sold knocked-down kits from Korea. Mabuhay planned to undercut the assemblers of Japanese televisions and build domestic sales as a sound base from which to start exporting.

But Samsung appears to have been more understanding than the investment board. In 1984 the Government approved a so-called progressive electronics programme law governing colour television makers which was designed to conserve scarce foreign exchange and encourage the development of a local components industry.

Under this law, which is still in place, newcomers like Mabuhay have to export 20 per cent of their production in the first year and 50 per cent in the second. They also have to earn foreign exchange credits to buy the parts for local sales. The existing companies were not required to export anything and could earn foreign exchange credits from the export of prawns, furniture and other non-electronic products.

"With no product track record there was no way the government could impose something like that," said Mr Fortinato Jayme, the president of Mabuhay. "We needed the strong local market before going into exports."

Mabuhay went ahead with its investment anyway. Almost immediately most of the other television makers protested against its local sales and the BOI froze Mabuhay's import approvals, closing the company down for four months. Finally the BOI deferred the export condition for 18 months and allowed Mabuhay to earn its foreign exchange credits from prawn exports.

In one way the BOI programme was successful in promoting exports because it forced Mabuhay to move into car radios. Discarding the philosophy of developing a strong local market first, it started assembling stereos with the assistance of Kopek International of Japan.

Manila-based Mabuhay Electronics has overcome the Aquino Government's export rules to capture a share of the foreign trade market from the Japanese and South Korean giants of the electrical industry

Kopek had already moved its production base from Japan to South Korea because of the appreciation of the yen and is about to move again, this time to form a joint venture with Mabuhay, because of the rising South Korean won.

But despite the unexpected success of the car stereos, the BOI's "progressive electronics programme" has been strongly criticised.

"The BOI thought the local market was saturated," said Mrs Elena Lim, the president of Solid Corp, the assembler of Sony who believes more competition would benefit the producers and the Philippines in the long run.

"The BOI thinks it knows better than the businessman who is risking his shirt."

Furthermore, the programme has not encouraged the proliferation of component makers which could turn the assemblers from suppliers of labour in to real manufacturers.

It is partly a chicken and egg problem. Potential parts suppliers say there is no market because many of the assemblers will only draw resources from parent companies – to which the retort, with some justification, is that local suppliers fail to meet quality standards, miss delivery deadlines and are too expensive.

As a result the Department of Trade and Industry believes only between 10 and 15 per cent of the value of the country's largest export category, electronics, is added locally. There is little sign of an in increase in this value added unless substantial changes follow a Department of Trade review of the programme now under way, observers say.

Mabuhay has more immediate problems although Samsung has agreed in principle to buy up to 40 per cent of the company. To meet US safety and specifications standards it is having to finance new equipment with expensive debt. Mr Jayme mourns that there is no available cheap credit for exporters as there was when Korea was developing.

Moreover, after 18 months of pleading, the company which could soon have sales of over $30m (£17m) has only one telephone line.

Nevertheless Mabuhay looks set to become a serious exporter of Korean and Japanese electronics goods – perhaps in spite of Government help rather than because of it.

EC to press US on import-ban law

BRUSSELS plans to press the US to modify a 60-year-old law allowing Washington unilaterally to ban imports of products deemed to damage domestic American industries, William Dawkins reports from Brussels.

Contacts will soon be made to seek "urgent measures" to change the law, Section 337 of the US Tariff Act of 1930, EC officials said.

This is the latest irritant in US-EC trade relations, already upset by disputes over the Community's ban on hormones in meat and US demands for better access to European telecommunications markets.

Yesterday's move follows a Gatt disputes panel finding that Washington unfairly blocked imports of a super-strong aramid synthetic fibre made by Akzo, the Dutch chemicals company, on grounds that it infringed a US patent for kevlar, a competing fibre, made by Du Pont, the US chemicals group.

The panel said the US was giving Akzo's products less favourable treatment than their American counterparts, against Gatt rules.

The Act allows US authorities to block imports that "destroy, substantially injure or prevent the establishment of domestic industries", which the EC argues contravenes Gatt rules against the use of national regulations to protect domestic suppliers.

The Gatt Council is to rule on the case on February 8. This will mark the first use of a five-year-old rule allowing European companies to call for EC retaliation on "unfair" foreign trade practices.

The dispute is seen in Brussels as a landmark case for the effectiveness of the EC trade disputes regulation concerned – the so-called New Commercial Instrument.

The companies agreed last May to grant each other licences for their respective aramid fibres, ending an 11-year-long legal battle over patents. At stake was a more-than-$1bn (£555m) world market for high-strength fibres used in telecommunications and aerospace.

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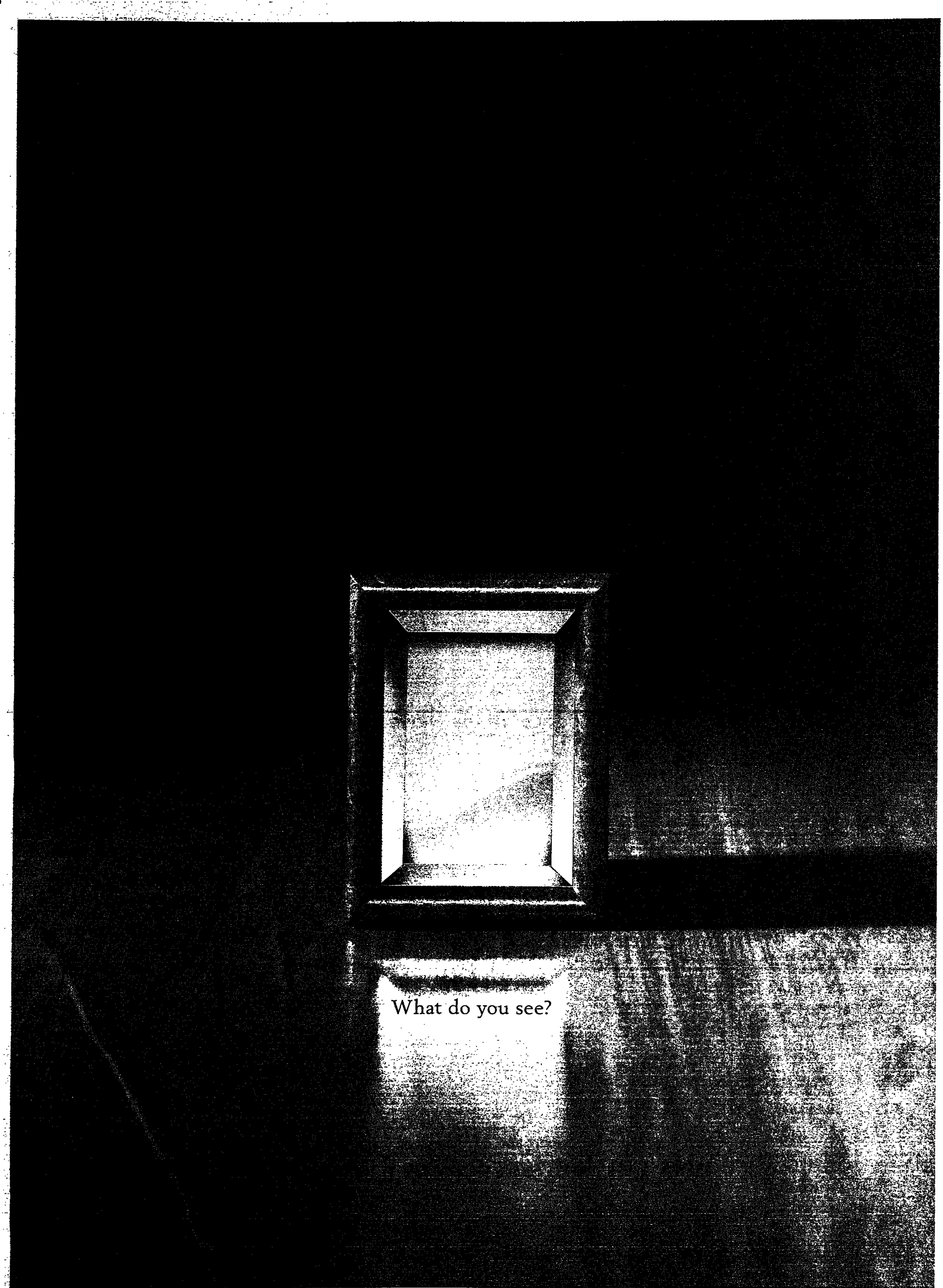


Sizewell named for fourth PWR nuclear staton

By David Green and Max Wilkinson

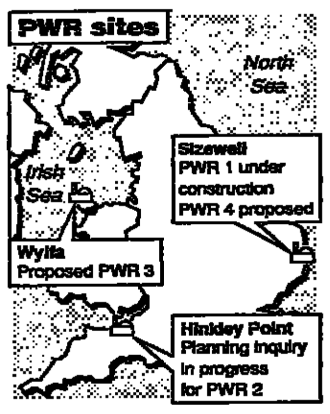
BRITAIN'S Central Electricity Generating Board yesterday announced plans to build a second pressurised water reactor (PWR) nuclear power station at Sizewell, in eastern England.

This will be the fourth of a family of identical reactors of 1,175MW each, which the Government and the Board want agreed before the electricity industry is privatised in 1990.

The bill under which the industry will be sold gives the Government power to set a quota for "non fossil fuel" supplies. Ministers intend to frame this requirement in such a way as to assure the future of the PWR family for the rest of this century.

The four plants together will cost £5.9bn at current prices. A special levy will pass the cost to electricity consumers after privatisation. They will be built by National Power, the larger of the two generating companies to be split off from the CEGB after privatisation.

Work started on the first of the family, known as Sizewell B, in 1987, after a marathon public inquiry; it is expected to be commissioned in 1994. A planning enquiry is being held into the proposal for a second plant in the series at Hinkley Point, while a third is planned at Wylfa, Anglesey. The provisional board of National Power, already operating within the CEGB, is expected to make a formal application to the Government in the early summer for permission to construct a Sizewell C PWR.



Mr Sam Goddard, CEGB corporate director of system planning, said it was hoped that the Wylfa and Sizewell C plants would be completed by the end of the century.

The Board estimates that the latter will cost £1.35bn compared with £1.7bn for Sizewell B, which had to bear heavy development costs. The Hinkley Point PWR is expected to cost £1.47bn.

Mr Goddard, designated as National Power's director of planning and nuclear construction, said he hoped that a public enquiry would not be necessary for the new Sizewell plant because plans for the first PWR had already been subject to thorough examination.

An earlier, gas-cooled Magnox nuclear plant – Sizewell A – was commissioned in 1966 and is due to close in the mid-1990s.

Amex credit card launched in UK

By David Barchard

AMERICAN EXPRESS today launches a credit card for the first time in the UK, alongside its traditional green charge card.

The new card, known as Optima, will offer customers much larger amounts of credit than available on other cards. Holders will have to pay an annual fee of £10, which is the first time a charge has been introduced for a credit card in the UK.

"This sort of card is not so much for use in supermarkets as for buying video cameras or skiing holidays in the Alps," said Mr Steven Goldstein, American Express's UK president.

He said that Optima had been created because of the large number of customers who had asked for a credit facility on their cards.

Optima will give its holders access to levels of credit well above those easily available on existing credit cards. The minimum credit limit will be £2,500 and Mr Goldstein indicated yesterday that substantially higher limits would be available.

The card has been in circulation in North America for the last two years. Only American Express card holders of at least one year's standing and, as the company puts it, "a record of prompt payment", will be able to apply for it.

It will differ from the the company's charge card in that holders of Optima will only have to make a minimum repayment of 5 per cent of the balance outstanding or £20, which ever is the larger. On the charge cards, the balance has to be paid in full each month.

Unpaid balances will carry an annual interest rate of 17 per cent. This is nearly 10 percentage points below interest charges on major credit cards such as Barclaycard and Access.

The banks claimed yesterday that they were unperturbed by the appearance of Optima. "American Express has a much smaller customer base than any of the main credit card issuers," said one card issuer.

"We estimate that it has around 750,000 cardholders, whereas Access has 13m customers and Barclaycard about 9m customers. So Optima's effect on the larger cards is likely to be very small. But it will increase competition in an already very competitive market." he said.

Tax on graduates urged to fund student costs

By David Thomas, Education Correspondent

A SPECIAL tax on university graduates was suggested yesterday by university vice-chancellors as they voiced strong opposition to Government proposals for a system of student loans.

The Committee of Vice-Chancellors and Principals was responding to the Government policy document in November, which proposed that a system of subsidised commercial loans should cover part of a student's maintenance from October 1990.

The opposition of the vice-chancellors highlights the almost complete lack of support so far for the loan proposals.

In announcing their conversion to the idea of a tax on graduates, the vice-chancellors explicitly recognised that "the beneficiaries of higher education should make a financial contribution towards it."

They suggested that graduates on higher than average earnings should pay an additional amount on their income tax or national insurance over a finite period, perhaps 10 years.

The money raised would be used to fund future students.

NATIONAL HEALTH SERVICE POLICY DOCUMENT

Stress laid on value, efficiency

By Alan Pike, Social Affairs Correspondent

READERS of the White Paper (draft law) on health care will notice that there is literally less in it than meets the eye.

Its large A4-style format disguises a generous allocation of margins, blank pages and empty space.

This is partly because the Government does not try to detail some of its more interesting proposals. Working papers will soon be issued by Mr Kenneth Clarke, Health Secretary. to expand on the Government's ideas for giving family doctors control of budgets, containing drug costs, encouraging a trade in patients between health authorities and other aspects of the document.

But the question being asked in the National Health Service yesterday was whether the White Paper also contains more than meets the eye. Do the spaces on the pages represent lines which are there to be read between – and is the hidden message that this is the first step towards the gradual break-up of the tax-funded, comprehensive NHS?

The paper says that the Government will "keep all that is best in the NHS" and that the service will continue to be "open to all, regardless of income, and financed mainly out of general taxation."

No question will dominate debate about the White Paper so much as whether these proposals are a serious attempt to make the NHS more efficient, cost-effective and responsive to patients's needs, or whether they are intended as a jumping-off point for a future Conservative government to "privatise" health care.

The Thatcher Government has concentrated on making the NHS more managerially efficient. Many elements of the white paper continue this approach, albeit tinged with touches of the Government's broader ideology. Ministers have concluded, for example, that district health authorities are "neither truly representative nor management bodies."

The proposals say many members, like those appointed by local authorities, see themselves as representatives. It has an easy solution to this dilemma – health authorities will become managerial. They will be reduced substantially in size and local authorities will lose their rights to appoint members.

Proposals for reorganising hospital funding are presented in the same logic of improved efficiency, greater competition and wider choice for patients. There are 320 acute hospitals with more than 250 beds, and the Government wants most of these to become for self-governing, outside health authority control.

Self-governing hospitals, set up as NHS Hospital Trusts, will have greater freedoms than other hospitals: freedom to select pay scales related to local labour markets, and freedom to keep financial surpluses and build reserves.

To become self-governing, hospitals will have, in essence, to demonstrate that they have the necessary managerial skills and have involved medical staff in management.

The Government says that self-government will "encourage a stronger sense of local ownership and pride, building on the enormous fund of goodwill that exists in local communities." Critics counter that local ownership is best represented by the local authority representatives, who will be leaving district health authorities.

There are fears in the health service that self-government may prove the first step towards removing some hospitals from the NHS entirely – the Royal College of Nursing, the nursing union, wants assurances that self-governing hospitals will remain part of the NHS for at least 40 years.

The document's approach to hospital funding is that individual hospitals should receive money "more directly for the volume and quality of the services they provide."

Beside this approach stands the Government's proposal to encourage the practices of family doctors – known as general practitioners – with at least 11,000 patients on their lists to become budget holders, able to buy a range of services for their patients' from public or private sources. The cut-off practice size is double the national average.

"It is essential that practices are able to manage their total expenditure, without denying services to their patients," says the White Paper. "It is also important that they do so in a way which enables them to negotiate the best deals."

If the idea works it could become an agent for a change of attitude in the NHS, with doctors and their patients selecting hospital treatment on the basis of quality, convenience and cost. However, most doctors would admit that their skills do not extend to negotiating the best deals.

The White Paper leaves intact the fundamental principles of the NHS, measured in terms of being a national service, free at the point of delivery and funded mainly out of taxation.

But there is more to it than that. By beginning to dismantle the central bureaucracy of the NHS and devolve decision-making to the points of delivery – hospitals and family doctors – the Government is establishing a shift of emphasis on which it can build.

Last year's bitter House of Commons exchanges between the Prime Minister and Mr Neil Kinnock, the opposition Labour leader over health service funding were largely meaningless to chunks of the British public, because they were conducted at the level of thousands of nurses recruited and billions of pounds spent.

The White Paper will make questions of health care cost much more individual. Hospital doctors, nurses, health service managers and – under the proposals for GP budget holders – the patients will all have to become far more personally aware of the cost of treatment as the proposed changes take effect.

THE NATIONAL HEALTH SERVICE

Britain's Health Service was born in 1948 under a Labour Government and was designed to offer cradle-to-grave health care for all UK residents which was free at the point of delivery. The Service was founded on the Beveridge Report, a set of detailed proposals on social security made during the Second World War by Liberal MP and economist peer William Beveridge.

The service is Europe's biggest employer with 1m staff and governs hospitals, specialist medicine, family practitioners, ambulance and community health services. The NHS has an annual budget of some £26bn ($46bn) financed mainly by taxation and is for the most part free, although user charges are today levied on sight tests, dental work and prescribed drugs.

Main proposals in brief

■ POWER devolved from regional authorities to districts and from districts to hospitals.
■ HOSPITALS free to set own pay scales.
■ FINANCIAL incentives to hospital managers and family doctors to make best use of resources.
■ HOSPITALS encouraged to run themselves independent of health authorities and be managed by Hospital Trusts. Able to sell services to health authorities, family doctors and private hospitals. Essential services guaranteed.
■ HEALTH authorities able to shop for the best value for money and quickest treatment for patients.
■ 100 new hospital consultants to help cut waiting lists and shorten junior doctors' hours.
■ CONSULTANTS controls tightened in hospital to ensure they give value for money. Consultants more closely involved in the management of hospitals and held to account for spending. Merit rises awarded by hospital managers with regard to the effective use of resources as well as clinical excellence.
■ FAMILY doctors' practices with more than 11,000 patients able to hold budgets and obtain defined range of services direct from hospitals. Encouraged to compete for patients by offering better services.
■ HEALTH authorities reorganised on business lines, with appointed executive and non-executive directors. Local authorities lose representation.
■ PENSIONERS given tax relief to help pay the premiums for private health insurance.

High political stake rests on speed and ease of the reforms

By Philip Stephens, Political Editor

THE INSTANT reaction at Westminster to yesterday's White Paper on the NHS was predictable enough.

Mr Kenneth Clarke, the Health Secretary, won warm if not quite rapturous support from his own backbenchers for the proposed reforms and attracted another strident attack from Mr Robin Cook, his Labour opposite number.

The Labour health spokesman made it clear that his central charge that the Government was preparing the NHS for privatisation would be repeated as the reforms were implemented in the run-up to the next election.

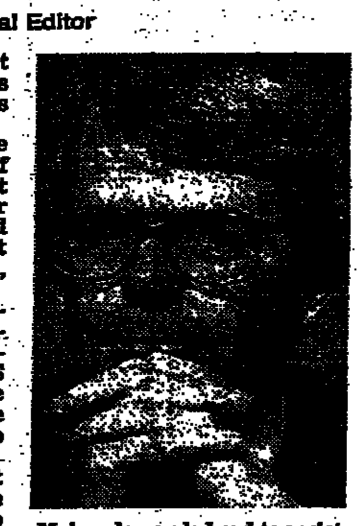
That is the timetable that Mrs Margaret Thatcher, the Prime Minister, has set to break decisively with her reputation of the last 10 years as a reluctant guardian of the health service.

The political stakes are high. Labour sees public concern about the health service along with the impact of the poll tax as key vote winners in the election due by 1992. But if Mrs Thatcher can transform the Government's image she will close one of the last visible chinks in her still seemingly impregnable electoral armour.

The outcome of the debate seems likely to depend crucially on two factors: on how radical and rapid the changes turn out to be, and on whether Mr Clarke wins sufficient extra cash from the Treasury to smooth their implementation.

On the first of these, Mr Clarke's statement appeared to give conflicting signals. He first stressed that the reforms would be evolutionary rather than revolutionary. "They reflect a change of pace rather than any fundamental change of direction," he said. He also insisted, though, that the proposals "add up to the most formidable programme of reform in the history of the NHS".

There is a suspicion – that Mr Cook is determined to nurture – that the Prime Minister sees the reforms as setting the framework for a further overhaul of the NHS after the next election. Mr Clarke, however, has made it clear over the past few months that his aim is to create a more efficient version of roughly the same NHS.



Major: demands hard to resist

Indications from Government MP's suggest that the latter approach, for the moment, is most in tune with the view of Conservative MPs.

Some Tory MPs worry that widespread opting out by hospitals could weaken the comprehensive character of the NHS. Some also worry that constraints on family doctors' spending might also serve as an electoral irritant.

Mr Clarke sought to reassure them on both counts, but will probably have to offer more than words. His supporters will want to see how much extra money he can secure from Mr John Major, the chief Secretary to the Treasury, to ensure that the changes are not accompanied by hospital bed closures and angry notices in doctors' waiting rooms.

Mr Clarke is said to be preparing a large bid for forthcoming the round of spending negotiations, but he will need to secure perhaps an extra £1bn for the two years before the election to maintain the pace of recent spending. The cost of the reforms would be on top of that.

With another massive budget surplus in prospect for the next financial year and large sums tucked away in his contingency reserve, Mr Major will finds such demands hard to resist.

Industrial gas customers face uniform choice of contracts

By Max Wilkinson, Resources Editor

THE VEIL of secrecy over British Gas's prices in the industrial market is to be lifted soon, Mr James McKinnon, the Government's regulator for the industry said yesterday.

Mr McKinnon, director general of the Office of Gas Supply, was commenting upon an agreement reached with British Gas for a change in its licence. This will give him power to supervise it price structure in the industrial market.

The new price structure, which comes into operation after comments have been received from interested parties, is designed to foster competition in the industrial gas market.

The new rules will oblige British Gas to publish a schedule of prices for customers with different requirements. Customers will have the option of several different types of contract within different price bands related to the volume of gas purchased.

However, all customers with a similar range of requirements must be offered the same choice of contracts. Individual negotiations will no longer be possible.

Prices will be set by British Gas and it may change them. But prices for any class of customer may not be altered more than once in any 28-day period without the permission of the regulator.

The new rules state that British Gas must meet all requests, as far as reasonably possible for so-called "interruptible" supplies of gas.

This means that companies may ask to be given a lower tariff, in return for agreeing that supplies may be cut off at times of peak demand. These arrangements are usually made by companies with alternative supplies of fuel, usually oil.

British Gas was criticised in a recent Monopolies Commission report for discriminating between customers in its pricing policy.

It was said to have restricted the offer of interruptible contracts and to have negotiated lower prices only with those customers which could easily switch to a different type of fuel.

The commission recommended that stronger efforts should be made to encourage competition in the industry and that British Gas should be obliged to stick to a published tariff schedule for industrial customers.

As a result of these recommendations the revised licence conditions say that British Gas must set out the basis on which it will charge other parties which want to use its pipelines.

This document is intended to allow potential competitors to calculate their costs. They will also know what prices they have to beat.

Mr McKinnon said yesterday that in a normal commercial market it would be intolerable for one company to have to reveal its prices to competitors, while the other parties were able to retain their confidentiality. But British Gas had a monopoly.

If the arrangements which had now agreed with the company succeeded in promoting competition from oil companies or other suppliers, the new conditions could be withdrawn. Otherwise they would last for five years.

A separate study on British Gas's purchasing of supplies in the North Sea was due yesterday to be sent to Lord Young, the Trade and Industry Secretary by the Office of Fair Trading.

The Monopolies Commission suggested that British Gas should be allowed to buy no more than 90 per cent of any new gas field.

This was opposed by the oil industry, and the OFT has been charged with finding a way of implementing the recommendation.

When British Gas was privatised two years ago, the Gas Act provided that the company should operate as a monopoly in the domestic market under licence and subject to the regulator.

However, it was given freedom to operate as it wished in the commercial market. The change in its licence agreement will bring the regulator into the industrial market, although Mr McKinnon said he had no wish to interfere in the actual setting of prices.

In Brief

Shipyard cuts 470 more jobs

HARLAND and Wolff, the state-owned Belfast shipbuilder, has confirmed a further 470 redundancies at the yard, **Our Belfast Correspondent writes.**

It blames the losses on the Government's so-far abortive efforts to find a buyer for the business.

The company said: "This further cut in employee levels has been made necessary by the running down of the existing work-load and our inability to take on new work until privatised."

The statement is a reference to the Government's policy of refusing to provide intervention funds until Harland and Wolff has been returned to the private sector.

The latest losses are on top of 550 redundancies annouced last August.

Job creation plans

Government plans to bring jobs to the Sunderland area of north east England after the closure of North East Shipbuilders' two yards, are expected to be outlined today.

A campaign to establish the Wearside area of north east England as a centre for advanced manufacturing was launched yesterday at the Nissan car plant near Sunderland.

Store card deal

Simpson's, the Piccadilly, London, clothing store, is to accept account cards issued by Takashimaya, the best-known Japanese department store group. Takashimaya has 1m card holders.

It is an unusual move. Although credit card issuers have international links, and some store cards are accepted in places other than the issuer's outlets, it could lead to a particular store card becoming an internationally-accepted charge card.

Daks Simpson, the parent of Simpson's, has signed an exclusive agreement with Takashimaya, which is a long-standing customer of the Daks clothing business.

Daks is the leading UK clothing brand in Japan.

Alcan expansion

British Alcan, the aluminium group, is to invest £6m at its Scottish rolled products factory at Glasgow.

The money will be used to modernise and upgrade the foil rolling mills which were installed in the 1960s.

Calais joint venture opened up by tunnel

By Paul Cheeseright, Property Correspondent

A BRITISH property group has been selected to develop a commercial site in northern France, in one of the first tangible signs of Anglo-French commercial co-operation to exploit business opportunities opened up by the Channel tunnel.

Calais Town Council has selected Arlington Securities to develop a business park and retail centre on the outskirts of the town. The development would have a completed value of around £250m.

It comes against the background of efforts by the local authorities concerned to devise plans for greater economic cooperation and promote commercial operations spanning both sides of the Channel.

The Arlington deal was reached in Calais yesterday. No financial details are yet available but it appears likely that the Town Council will lease Arlington the 110 hectares or so of land necessary for the development and probably take some share of the rental and sales revenue.

Selection of Arlington by the Town Council follows visits by Calais officials to examine business park developments in the UK, a sector of property development where British practice is thought to be more advanced than French.

Arlington is a leader in the field, with properties across the UK. The Town Council did not ask any other company to tender for the project.

The site is split into two on each side of Route Nationale 1 at the point where the road divides to feed the port of Calais, the town itself and, eventually, Eurotunnel. Site planning for the business park on 80 ha and the retail centre on 30 ha, to provide nearly 100,000 square metres of shopping space, will take the rest of this year and construction should start in 1990.

By that time the talks between the local authorities in Kent and Nord Pas du Calais will have resulted in submissions to the European Commission in Brussels, for special aid to be allocated to commercial projects and training involving the two regions. Regulations will be drawn up allowing funding by the European Regional Development Fund for such projects as the Calais-Arlington venture.

Should the project attract funds from the European Community, the aid would most likely help to cover the costs of site preparation

● Trust House Forte, one of Britain's biggest hotel chains, warned yesterday that UK contractors were in danger of losing their domestic markets to continental European competitors.

Mr Jim Crooks, THF's technical director, said the company had already been approached by West German and Italian companies offering advanced installations that British contractors were finding hard to supply in the face of sharply rising demand.

Industry authority concerned about high prices, poor transport and dirty facilities

Britain 'could lose place in tourism league'

By David Churchill, Leisure Industries Correspondent

THE GROWTH of Britain's buoyant tourist industries in the 1990s could be threatened by high prices, poor domestic transport and dirty leisure facilities, the British Tourist Authority warned yesterday.

The BTA said that after another record year for tourism in 1988 – when 15.9m overseas residents came to the UK and spent £6.4bn excluding air-fares – it expected a sharp growth in both earnings and numbers of tourists by 1993.

By 1993, the BTA expects a 25 per cent increase in numbers to 19.9m and more than a two-thirds increase in the amount spent to £10.8bn.

The Channel Tunnel, with a forecast 15m users in its first year of operation, is likely to "have a swift and enormous impact on British tourism," it suggests.

But Mr Michael Medlicott, the BTA's chief executive, said yesterday that "unacceptable levels of litter and pollution" could lead to a lower growth rate.

"Britain is in danger of both pricing and dirtying itself out of its place among the world's top five tourist countries," he said.

He also strongly criticised domestic transport facilities. "Many trains on the routes from seaports are inferior," he said. "Often there is no co-ordination between ferry and rail services and there is a drastic lack of baggage handling and passenger reception facilities at some of our seaports."

Airport delays, together with expensive fares on domestic flights and the high cost of entry visas, were also causes of concern, he added.

The BTA believes that Britain is increasingly in fierce competition with other countries for a share of the world travel industry.

"International travel is predicted to become the world's biggest industry by the end of this century and more and more countries are looking to tourism to replace other industries which are in decline," said Mr Duncan Bluck, the BTA's chairman.

The BTA yesterday outlined its plans for the next few years in a document called "Strategy For Growth – 1989 to 1992."

This suggests a number of marketing initiatives to encourage tourism, aimed in particular at encouraging growth from the US, Japan, and northern Europe.

The BTA expresses concern, however, that its efforts may be hampered by the results of an internal review of its functions by the Department of Employment.

The findings of the review are due to be announced shortly and could recommend that the tourist industry itself plays a greater role in funding the BTA and English Tourist Board, with less financial support from the Government.

The Authority's concern was intensified by the Department's decision earlier this week to suspend the £1m grant made available each year for London tourism projects.

Mr Medlicott yesterday pointed out that much of the BTA's activity was "missionary work" which it carried out alone.

"It is difficult to attract funding from partners for this type of pioneering activity until strong demand is developed," he said.

Minister decries paucity of language skills in industry

By David Thomas, Education Correspondent

BRITISH employers should pay workers with language skills more in the run-up to the creation of the single European market in 1992, a Government minister urged yesterday.

Mrs Angela Rumbold, Education Minister, was speaking in London to a Confederation of British Industry conference entitled "Languages mean Business."

The minister decried the "indifference of business and industry to the importance of foreign languages."

"Our attitude to learning foreign languages has to change," she said. "1992 will expose the inadequacies of our attachment to English."

The Government was playing its part by making it compulsory for 11-16 year olds to study a foreign language under the new national teaching curriculum and by encouraging schools to broaden their language provision beyond the traditional French.

However, Mrs Rumbold told conference delegates that employers and managers also had a key role. "You should give languages a high profile in recruitment policy; you should identify and reward language skills already in your workforce and develop and implement training strategies and policies for your staff."

The minister said she was depressed by how few job adverts required competence in, or willingness to learn, a foreign language.

Signs of yet another trap for candidates

By Michael Dixon

SUPPOSE you are being interviewed as a short-listed candidate for an attractive-seeming job that is evidently yours for the asking. The employer's representative has already made plain that the company likes what you have to offer it, and is now spelling out what it has to offer you.

After detailing the pay, car and other usual benefits, however, the interviewer adds: "And if we were to dispense with your services, your contract would entitle you to receive professional counselling as a help in re-establishing your career."

Would that revelation make you more inclined to take the job than you were beforehand, or less?

The Jobs column for one, would be put off. By dislike of the very idea is not entirely rational. It's rooted in a feeling that what employers and recruits enter is not only a legal contract, but a human relationship in which emotion inevitably plays an important part.

That is not to say they should enter the relationship starry eyed. I have no doubt that it is sensible for both parties to an interview to keep in mind that new appointments are always apt to go wrong, just as it is for brides and bridegrooms to be aware of the possibilities of divorce. All I do doubt is that in either case the prospects of success could be improved by specifying the severance terms before the knot is tied.

But I cannot ignore the mounting evidence that my attitude — which admittedly dates from when executives commonly spent their whole working life with the same company — is rapidly being outmoded by change. Take for instance the survey of employers which is published today by the management consultancy arm of Grant Thornton (copies can be had from Brian Lancaster at Kennedy Tower, St Chads Queensway, Birmingham B4 6EZ; tel 021-236 4821).

The consultancy interviewed the chief executives or personnel directors of 50 companies in Britain, mostly large. A third of them had more than 10,000 employees, another third upwards of 5,000, and only about one in 20 had fewer than 1,000. Their revenues ranged from £12m to £1.7bn a year.

A good three quarters of the top managers believe that, even given a thriving economy, further advances in technology and industrial reorganisation will make the already short average tenure of an executive job shorter and shorter still. Because of that belief, the survey report says, they had a more caring attitude towards people who might have to be discarded than was typical of top managers not very long ago.

For example, while over half liked to get the discards off the premises immediately, more than four fifths thought it only right to keep them on the payroll, in nearly a quarter of cases for as long as six months. Four in every five already paid for staff they dismissed to receive counselling — surprisingly, 55 per cent of the recipients were aged under 45.

Moreover the survey found "growing interest" in the practice, which I'm told originated in North America, of building an entitlement to counselling into initial contracts of employment. Although only three had actually done so to date, a dozen more were minded to follow suit.

So it may well be that executive job-seekers will increasingly find themselves being advised in interviews of the kindness the company they have not yet joined will confer on them in the increasingly likely event of its throwing them out. In which case, the traps already faced by job-seekers seem bound to become yet worse.

After all, candidates might well get themselves rejected as curmudgeonly if they failed to greet the off-putting announcement with a grateful smile. Equally, if they appeared to welcome it too heartily they would be apt to be ditched as overly risk-averse.

Probably a still better means to the same end, would be for people seeking jobs with a company that does not offer the entitlement to ask to have it among their perks. Even so, remembering how certain prospective employers in my younger days reacted when I inquired about pension arrangements, I feel it might be worthwhile doing just to see the look on the interviewer's face.

Counsellor

APPROPRIATELY as it turns out, the first of today's job openings is for a counsellor in an outplacement concern. It is Pauline Hyde and Associates, now part of the Scottish Television group.

Candidates for the post in London should have been successful senior managers with full responsibility for profits, have worked for at least three companies — the broader the range of their businesses, the better — and be demonstrably good at communicating with and motivating people with a high executive's mentality.

Salary indicator is £30,000, and although the experience requirement appears to call for someone of mature years, the perks include pension scheme and health insurance as well as a car.

Inquiries to deputy managing director Leslie Robinson, 20 Lincoln's Inn Fields, London WC2A 3ED; tel 01-242 4875, fax 01-404 5077.

Go-getter

THE NEXT job, a part-time one, is for somebody even maturer. It is being offered by Brett Bull of the March Consulting Group on behalf of a national asset for which the Jobs column, like a lot of other people who come from Manchester, will be forever thankful: the celebrated Hallé Orchestra.

In its 132nd year of life, it is seeking an appeals director to lead its effort to raise £2.5m. The sort of person it has in mind is a bundle of energy who has retired from high position in industry or commerce recently enough to have good connections with current top executives. The post is expected to require about three days hard work a week for the next 18 months or so.

Although the salary will be no more than £15,000, the director will receive a bonus on results.

Inquiries to Mr Bull at 33 King Street, Manchester M2 6AA; tel 061-834 9720, fax 061-832 7039.

Sales chief

NOW to a headhunter based in Switzerland offering a job in London. He is John Steele of the Manserv consultancy, and his quarry is a sales director for a company supplying computer software and peripherals to shops and other distributing concerns as distinct from directly to the consumer.

As he may not name his client, he promises to respect requests not to be identified to the employer at this stage.

The newcomer will be responsible for building on the £35m worth of business currently generated by the 25-strong telephone-sales team. Candidates should be professional sales managers who have led a successful tele-sales operation, not necessarily in the same field.

Salary about £40,000 with bonus expected to add at least another £10,000. Stock-option and car among perks.

Inquiries to Mr Steele at Glarnischstrasse 42, 9500 Wil, Switzerland; tel (41) 73 237 644, fax (41) 73 233 953.

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- A graduate, you are likely to be aged between 24 and 28 and have had previous marketing experience and syndications experience although not necessarily in an international context. Ref: CG116707

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International alliances

Powered by a ten-tonne thrust

Paul Betts and Anatole Kaletsky assess the roles of the two partners in GE's 'oldest, biggest and most successful' joint venture – making aero-engines with Snecma of France

When Britain's General Electric Company (GEC) announced a series of joint ventures with America's unrelated General Electric (GE) and with West Germany's Siemens last month, there was a natural suspicion among shareholders that GEC's Lord Weinstock was giving most of his company away to its international "partners".

Considering how many international joint ventures have turned into takeovers by stealth, it would be rash to dismiss these misgivings. Yet one of the few international alliances which can genuinely be described as an equal partnership also happens to be GE's biggest, oldest and most successful joint venture: CFM International, the aero-engine business owned in equal shares by GE Aircraft Engines and Snecma of France.

CFM demonstrates that international joint ventures can sometimes prosper without submerging the technical and managerial creativity of either side. It also suggests some stringent conditions for such a utopian outcome – not least a level of mutual trust, financial flexibility and patience which may be hard to match in the GE's alliances with GEC.

CFM is today the world's leading manufacturer of civilian aircraft engines, with annual revenues of $2bn, and an order book worth $6.3bn, representing 46 per cent of *all* the commercial engines currently on order in the Western world. It is a business with an unusual history and managerial structure – both of which seem to have contributed to its success.

However, CFM's beginnings could not have been less auspicious. It was a single product company – and that product seemed to have no market. The enterprise was first mooted in 1971, when the French Government urged the state-owned Snecma to design a 10-tonne engine of 20,000 lbs thrust for a new small European aircraft.

Snecma's search for a partner was essentially a process of elimination. Before going to GE, it approached the world's two other leading aero-engine makers, Rolls-Royce, which had the advantage of being European, and Pratt & Whitney, which was at that time the overwhelming industry leader. It was rebuffed by both companies, which did not share its optimism about the engine's glittering promise.

But Snecma had been a successful subcontractor on GE's large CF6 engines which were used to power the first A300 Airbuses; there was also a personal friendship dating back to the Second World War between the two companies' heads, René Ravaud, a one-armed French resistance hero, and Gerhard Neumann, a legendary US Air Force man.

For GE, the decision to get involved was motivated partly by its weak position in the civilian market, but more so because it was already developing an engine for the US Air Force's B1 bomber. The B1's gas-turbine core was ideal for a ten-tonne civilian application. GE saw the possibility of combining this core with a low-pressure front end to be designed by Snecma.

By the time CFM was officially formed in 1974, the Dassault aircraft which the French Government had hoped would be powered by the new engine had nearly been abandoned.

Meanwhile, Airbus Industrie, the European airliner manufacturing consortium, decided to build the A310, a wide-bodied aircraft which had no use for the one product the joint venture had on its drawing board, the 22,000lb thrust CFM56.

As a result, the fledgling company did not win a single order from 1974 to 1979. "For five years, we had an engine with no buyer," says Jean Bilien, the Snecma executive now on secondment in Cincinatti as CFM's president.

When CFM did finally land some business, it was of the most unglamorous kind – providing new engines for ageing McDonnell-Douglas DC8s being converted from passenger to cargo service, a far cry from the original dream.

But this 11th-hour rescue was transformed into a commercial triumph by Boeing's decision in the late 1970s to build a new generation of *small narrow body aircraft.*

The rapid increase in short-haul air traffic in the 1980s, as a result of deregulation in the US, made the revamped 737 the best selling aircraft in history – 1,100 have been sold since 1982, all with CFM56-3 engines, a variant of the original.

In the end, therefore, the French faith in the 10-tonne engine was amply justified, but this was by no means obvious even in the early 1980s when CFM decided to develop another version of the engine for the A320 Airbus.

There are still significant technologies which the two partners do not reveal to each other. "We are here to make engines and sell them."

The division of labour between the two partners did not come about entirely intentionally. The US Government's *refusal to allow GE to share* the top-secret design of the B1 engine core with the French gave the partners no choice.

As Brian Rowe, the bluff Englishman who now heads *GE Aircraft Engines, describes* it: "We had a hell of a problem getting the US Government to let us use that core. In the end it had to be resolved by Nixon talking to Pompidou directly. *They agreed that GE would not* give Snecma the technology inside the gas generator."

And to this day, as the CFM56 goes into its fourth major redesign – in order to power the A340 long-range Airbus in the mid-1990s – there are still significant proprietary technologies which the two partners do not reveal to each other. "We are not here to exchange technology – we are here to make engines and sell them," says Bilien.

That statement illustrates one of the main reasons for CFM's unusual success. The joint venture's objectives are narrowly and clearly defined and these objectives impose minimal constraints on the two partners' managerial independence.

CFM's sole purpose is to develop, build and sell one particular range of engines. Both GE and Snecma are free to work on other projects. GE does in fact produce two other ranges of civilian engines, both with Snecma as a significant subcontractor.

But neither of these projects competes directly or indirectly with CFM. The absence of competition between the partnership and its two owners is the point which Snecma and GE officials stress most strongly in *explaining CFM's success.*

They contrast this clean-cut relationship with the IAE joint venture created four years ago by Pratt & Whitney, Rolls-Royce and five other *companies. Not only do Pratt* and Rolls have engines which compete with each other, but each of them also competes indirectly with the planned products of IAE.

But *what seems* even more important about the CFM structure is the way in which it ensures a strong commitment from both partners without interfering with either *company's internal management.*

CFM International itself is no more than a small secretariat, with just 60 employees, working in a small office building *half a mile* from the huge GE Aircraft Engine plant in Cincinatti. "We do nothing here – I have no design centre, no sales office, no product support," Bilien points out.

All the design, manufacturing and selling of CFM56s is carried out by by employees of GE and Snecma, working within the established management structures of the two parent companies. CFM's sole function is to act as "an unofficial project manager", co-ordinating the two companies' production plans and order books and acting as a forum for those decisions which have to be made jointly: pricing, product development and the allocation of work for successive projects. Ultimate decisions on all of these go to Rowe, the head of GE Aircraft Engines and Bernard Capillon, president of Snecma.

Thus, on a day-to-day basis, the CFM structure allows GE and Snecma *to run their own* independent operations, almost like subcontractors. Yet it gives each a veto over strategic decisions.

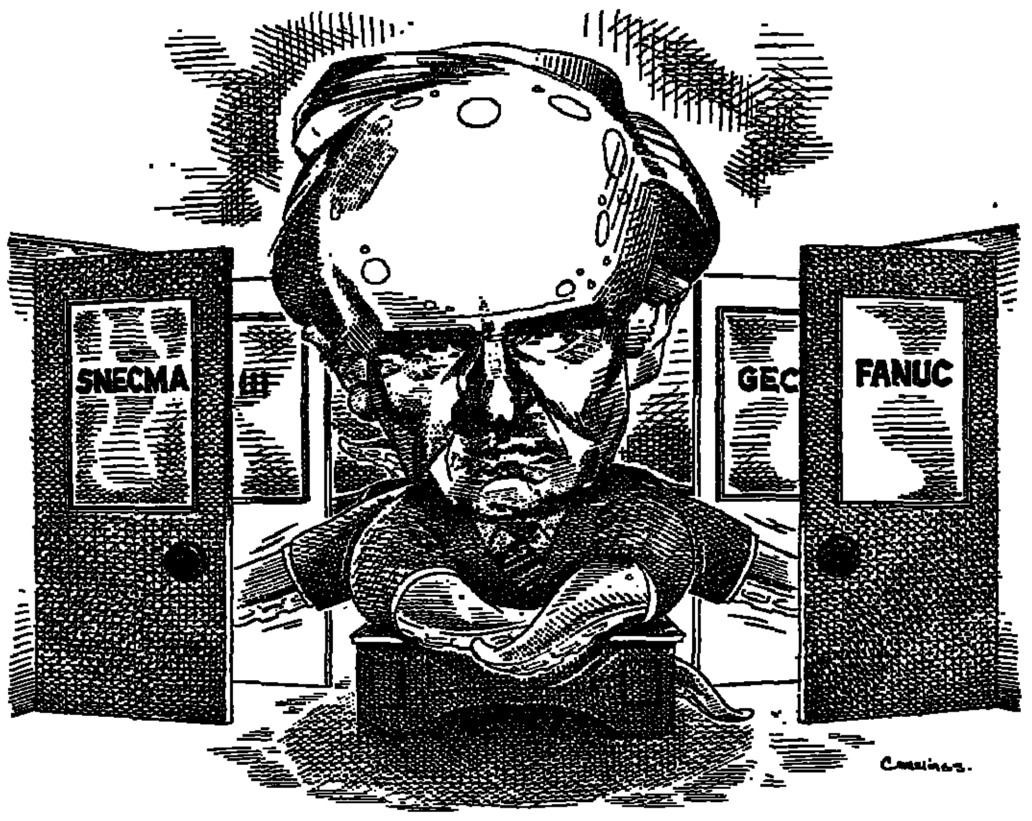
This combination only seems workable because of the strong commitment of both partners and the extraordinary degree of trust between them. The fundamental principle on which the whole venture rests is 50-50 sharing of both revenues and expenses. But, while it is easy to split sales revenues in half, dividing expenses accurately could easily have become *a cost accountant's* nightmare. Surprisingly, it does not seem to cause much trouble.

Both sides seem content with a rough and ready physical division of labour without haggling too much about its precise monetary value. Essentially, GE builds the gas turbine cores and Snecma builds the low pressure outer parts of the engines. They are then put together in GE's assembly plants in the US and Snecma's in France.

Although productivity differences, changes in labour costs and currency fluctuations could make a dramatic difference to the actual costs sustained by the two partners, they do not seem to play much part in their calculations. For instance, the devaluation of the dollar against the franc in the past two years is thought to have virtually wiped out Snecma's profit margins and has certainly made CFM far more profitable for GE. Yet arguing about each other's costs and seeking monetary compensation seems quite alien to the spirit of CFM.

"Basically, we've got a certain amount to build and we work hard on getting our part done at minimum cost," says Rowe. "We don't really worry what their part is costing them or how much profit they're making. If currencies move too much, we might give them a little bit more, but it is all pretty informal. If we had to pull the contract every time the dollar moved, we'd be in deep trouble."

Can GE expect a similar informality in dealing with Lord Weinstock? Can leopards change their spots?



Jack Welch: takes a hand in the strategies of GE's many businesses

GE and GEC: who will be the driver?

For the top managers of the new GE-GEC joint ventures, one of the thorniest issues from the outset will be whether their two parents will try to apply their very different corporate styles in parallel towards the ventures, or whether one will have to give way to the other.

Whereas GEC managers are used to a head office style which is focused largely on financial performance, with very little involvement in the development and review of strategy, their GE counterparts left that environment behind in the early 1980s when Jack Welch became chairman.

With two strong deputies, *each of whom has considerable* operating experience within several GE companies, Welch forms a "corporate executive office" which frequently challenges the strategies of the businesses beneath it. This "CEO", as GE confusingly dubs it, is aided by a high-powered corporate strategy department staffed by bright young ex-consultants.

In other ways, too, the strategies of individual GE businesses are constantly guided, challenged and reviewed by head office. In Europe, several GE businesses, (and sub-businesses) are also subjected – under direct or dotted-line responsibility – to the searching strategic eye of Paolo Fresco, the group's powerful senior vice-president, international, who has played a major part in GE's recent European expansion in medical electronics and other businesses.

GEC's very contrasting "hands-off" approach to strategic involvement in its constituent businesses has, in recent years, brought its corporate style under growing fire from analysts and consultants for being too narrowly focused on financial control.

In a controversial study of the UK electronics industry *last year, McKinsey & Co* complained that at GEC (and other UK electronics companies), what it called "numbers-driven rather than issue-driven planning" had *reinforced a focus* on short-term results, rather than on the long-term investment needed to create new businesses and achieve strong global positions in existing ones.

Indications have already emerged that, regardless of whether it or GEC holds official management control, GE expects its style to gain the upper hand in joint ventures which involve what it regards as its core businesses. Within days of the deals being announced, Paolo Fresco said that GE had already mapped out a strategy for continental European expansion by Hotpoint, the appliances venture over which GEC will have formal management control.

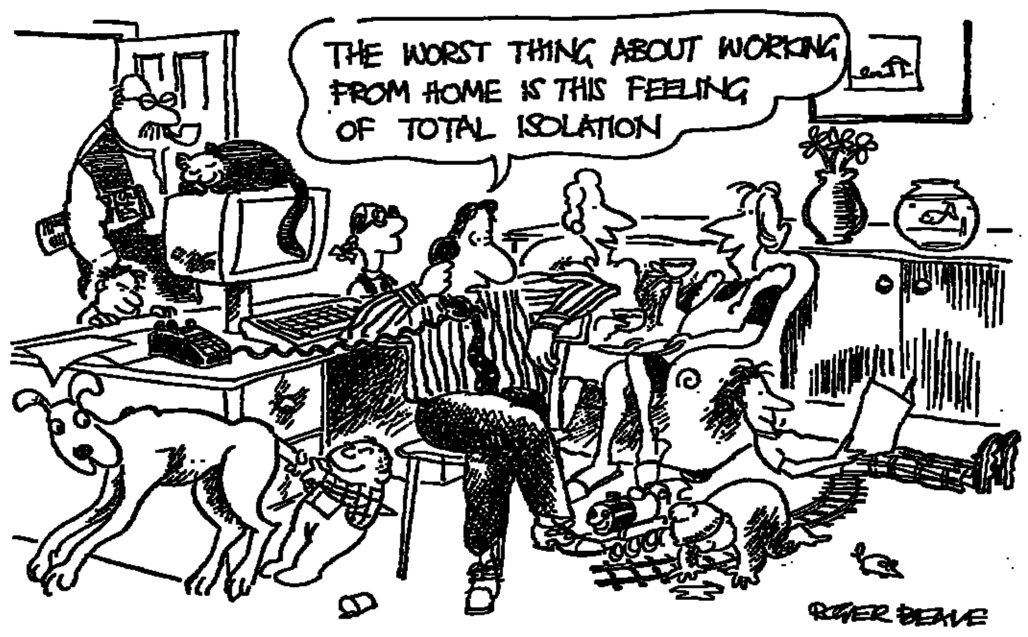
Behind GE's corporate style lies a commitment to decentralised operational management, and the delivery of short-term financial performance, that is at least as strong as GEC's.

The difference lies in Jack Welch's belief that GE's corporate centre can only add full value to its constituent businesses, and thereby justify its control of them, if it has a hand in the development and application of their strategies. In McKinsey's jargon, GEC acts almost exclusively as a "controller" towards its constituent businesses, while GE operates either as a strategic "coach" or as a full-blown "orchestrator".

There is a world of difference between the two companies' styles. They will not make easy bedfellows.

Christopher Lorenz

TECHNOLOGY



Throwing a line into a remote pool of labour

Della Bradshaw explains how technology is helping companies to employ people long-distance

Colin Coulson-Thomas, 39, is a public relations consultant and an academic. But, unlike most of his peers, he has opted to work from home.

Yet his set-up does not fit the common image of home-working – that of a low-wage cottage industry. From his south London home, he combines the lion's share of his previously full-time PR job at Rank Xerox, the electronics company, with a similar job for the British Institute of Management. He is also a centre director for Aston Business School, in Birmingham, and general secretary of a charity.

Although Coulson-Thomas is still atypical, teleworking – also called telecomputing – is winning converts because it can help companies to retain skilled staff while cutting costs. Breda Robertson, of IT World, consultants in "remote working", says that in the past three years company interest has been spurred on by worries about recruitment, as the number of school leavers falls.

"Up to 1986 there were only a few employers using teleworking and we had to seek out companies to explain to them what it was. Now we find employers are seeking us to get information," she says.

Teleworking entails the use of computers or word processors outside the normal office environment. According to the Henley Centre for Forecasting, in London, home working is suitable for professional and management tasks which are mainly analytical and self-contained, administrative and clerical work.

Employers make savings on overheads, such as office space, heating and maintenance; and there can be economies in salaries if the work is moved to staff who live away from the main skill shortage centres, such as London. (Companies often pay £3,000 or more in London weighting allowances.)

It can also make for more efficient use of employees' time. This is one of the benefits mentioned by Jim Philips, personnel officer at the computer company, Bull HN Information Systems (formerly Honeywell Bull), which began a teleworking scheme in October.

"With home workers we believe there is a lack of disturbance, so that out of a two-hour work period the worker will probably do 1 hr 45 min of real work," says Philips. "In the office someone will only actually work five hours out of a 7½-hour day because of all the interruptions."

There are other less tangible benefits, such as not having to commute to work. Coulson-Thomas reports that four hours a day of commuting helped him decide to telework.

Robertson believes that teleworking will eventually become an integral part of most companies' operations. "It's a long way off, but I think the time will come when all companies will have to offer the option of working from home. It will be a company perk – an alternative to the company car."

Interest in teleworking is anything but a UK phenomenon. A report conducted for the European Commission by Empirica, the Bonn-based research organisation, which will be published later this year, shows that in some European countries up to 60 per cent of decision-makers would be interested in employing teleworkers. The most positive response came from Italian managers and the least positive (35 per cent) from UK ones. However, the Henley Centre report concludes that more than 4m people in the UK will be doing work from home by 1995.

To do their job, teleworkers need a computer terminal, personal computer (PC) or workstation; a telephone; and a modem. The modem translates the digital output of the computer into an analogue format which can be transmitted by telephone. A modem attached to the recipient computer then translates the message back into digital form.

Although modems have in the past been unreliable, improved error correction techniques and increased speed now make sure that most data arrives quickly and safely. For heavier data transmission, public packet switched networks, designed to carry data not voice traffic, are more effective. Packet switched services which can be dialled-up in the same way as an ordinary telephone call will be available in many European countries this year.

Computer programmers or clerical staff, who need a constant flow of information between the home and the employer's main computer are the most frequent users of modems. Other teleworkers may use facsimile machines to send documents or have access to public electronic mail services or company databases. Coulson-Thomas, for example, has access to the Rank Xerox computer network from home or any other place with a compatible terminal.

Because of the falling price of PCs – business systems can now cost less than £1,000 – equipping teleworkers has become a feasible proposition for many more companies. PCs can be bought with a built-in modem board, rather than a modem box which must be plugged into the telephone socket and the terminal.

Recent developments in communications also favour the teleworker. Mobile telephones give increased flexibility, as does call-forwarding, already available in parts of North America, the Far East and Europe. With call-forwarding, the telephone subscriber can use a special dialling sequence to instruct a digital exchange to redirect incoming calls to another number for a specified period.

Remote working can have its downside. Although trade unions have given a cautious welcome to the development, they are concerned that the inevitable isolation could lead to employees working for longer hours and less money than they would in an office. Norman Willis, TUC general secretary, also warns that workers could lose touch with the company and be passed over for promotion.

When home-workers for the London-based software house, FI Group, reported a feeling of isolation, the company responded by introducing a series of local work centres where they could do their jobs together. Rosie Symonds, the company's PR officer, says that an FI worker typically divides his or her time between three locations: home, the local work centre and clients' premises.

And this points to a permutation of teleworking which could appeal more to some companies than the idea of using a scattered set of home-workers. Some organisations have set up regional offices linked to their headquarters by telephone lines.

One of the most graphic examples of this is the New York Life Insurance Company, the fifth largest insurance company in the US. Because of problems in retaining trained staff in its US offices, the insurance company has now set up an office in Castleisland, in the Republic of Ireland.

Between 10 and 15 per cent of the company's insurance claim forms are flown from the US to Ireland. There, 70 employees process them by computer and return the work to the company's computer centre, at Clinton in New Jersey, over a dedicated telephone line. The cost-cutting value of the exercise was enhanced by the grants available for setting up in the Republic.

The British Government is considering a similar plan to help regenerate areas of high urban unemployment. The National Economic Development Office (Nedo) is looking for sponsors for Project Frontline, due to be launched in March. This will set up a series of information technology work centres in five inner city areas.

Nedo is planning to train more than 500 people in skills which are scarce, such as data processing. They will then work remotely from the inner city work centres for companies based in London and the south-east. Nedo is hoping that this will be one way of showing companies the advantages of traversing the UK's north-south divide.

WORTH WATCHING

Edited by Geoffrey Charlish

Videos from a vending machine

VIDEO Express, of Sturminster Newton in the UK, is offering a video film-dispensing machine – via rental, franchise or partnership agreements – which will allow people to obtain cassettes on a 48-hour basis.

The Dorset company's system complies with the 1984 Video Recordings Act, which seeks to prevent unsuitable films being hired by children.

About the size of a soft drinks vending machine, the unit can hold about 350 cassettes and is based on the use of a customer card and a four-digit personal identity number (Pin).

There are three Pins associated with each card, one for those over 18, another for those aged 15 to 18 and another for children under 15. Parents will be responsible for making known only the appropriate Pin to each child.

If a child discovers the over-18 Pin, the parent can change it through the machine. The system has the advantage that those over 18 will have to identify themselves to a site manager only once, obviating the usual video shop difficulty of a separate identification for each hiring.

The machines will be stocked from the top 40 titles, with several copies of each film. To get a film, the user must have sufficient credit in the machine. Banker's orders will be encouraged with a 10 per cent discount, but cash can be inserted.

Credit card use with monthly billing might be introduced later, since the machines are able to communicate with a Video Express central office over telephone lines.

A good night's work on back-up

REALSTREAM, of Dorchester in the UK, has developed a system that will provide data back-up storage for computer systems, using an 8 mm video tape cartridge.

The company says that the "need to stay up all night changing reels of tape" has been circumvented, and that the time and cost involved in restoring data when there has been a problem has been sharply reduced. The system is called Goodnight.

By using the same type of "across the tape" (helical) scanning as video recorders, a recording speed equivalent to 150 inches per second is achieved and Goodnight can accommodate 2bn characters on a single cassette.

The actual speed of the tape, however, is less than 0.5 in per second and the storage cost is less than 0.5p per megabyte (million characters). Goodnight can back up a major system overnight on one tape, claims Realstream.

If a problem occurs on the live system, only those files that have been corrupted will be found and restored. Systems which restore entire archives can take up to eight hours just to restore two megabytes, according to the company.

Similarly, the software can cater for quick storage and restoration of specific files from the live system – for example, only those that have changed since a specified data and time.

Keeping up the fax flow

FAX Marketing, of London, has just launched a service for companies that regularly distribute information to many destinations.

The work can be done for them by a computerised facsimile system called Fax Flow. An in-house design and layout facility maintains the client's corporate visual style in the documents sent out.

The service can, it is claimed, save up to 60 per cent of the cost of regular information distribution.

It also removes the hassle of sending complex information to many destinations, especially when they are in different time zones.

A sound way to shape ceramics

THE INCREASING use of modern ceramics in engineering, for example for engine components, has intensified demand for a practical means of machining such hard materials, particularly where accurately shaped cavities are called for.

Mafell Ultrasonics, of West Germany, has developed machines that use erosion by ultrasound (sound above audible frequencies). The machines are available in the UK through Hahn & Kolb (Great Britain) of Rugby.

Although electrical discharge machining (EDM) is widely used for such work, Hahn & Kolb makes the point that ultrasonic erosion can be used on materials that are completely electrically non-conductive. (EDM needs an electrical path through the work piece.)

Basically, the ultrasonic machines use a tool which is the reverse of the shape to be machined. This is made to vibrate ultrasonically while very small abrasive grains, suspended in a fluid, are fed into the gap between tool and work. The grains are hammered into the work face, removing material.

In addition, Mafell has developed computer-aided design software to ensure that the tools have the desired vibratory characteristics. This system will also produce automatic machining instructions.

Meanwhile, Charmilles Technologies, of Stratford-upon-Avon in the UK, says that its research shows that EDM is possible with ceramics at speeds similar to those achieved with metals. The non-conductive types of ceramic can be doped with conductive materials, such as titanium carbide or nitride; although this cannot be done when the machined part has an electrical application.

The relative merits of the two approaches have yet to become clear. But, as Charmilles points out, ceramic machining obviates costly high precision moulds since there is less need to get near to the final shape in the moulding process.

CONTACTS: Video Express (UK): 0258 73464. Realstream: UK, 0305 251071. Fax Marketing: London, 242 4654. Hahn & Kolb: UK office, 0788 77286. Charmilles Technologies: UK, 0789 296300.

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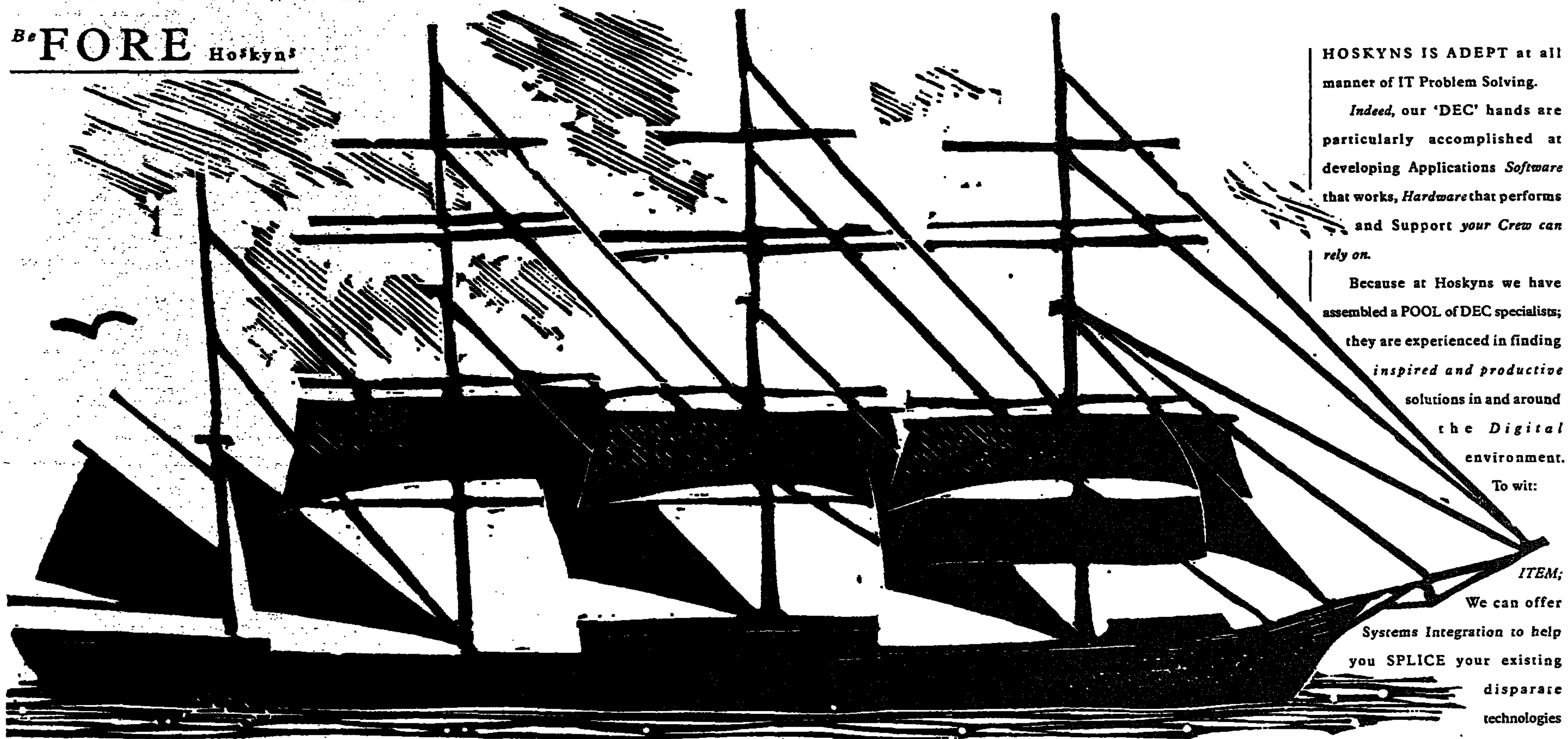

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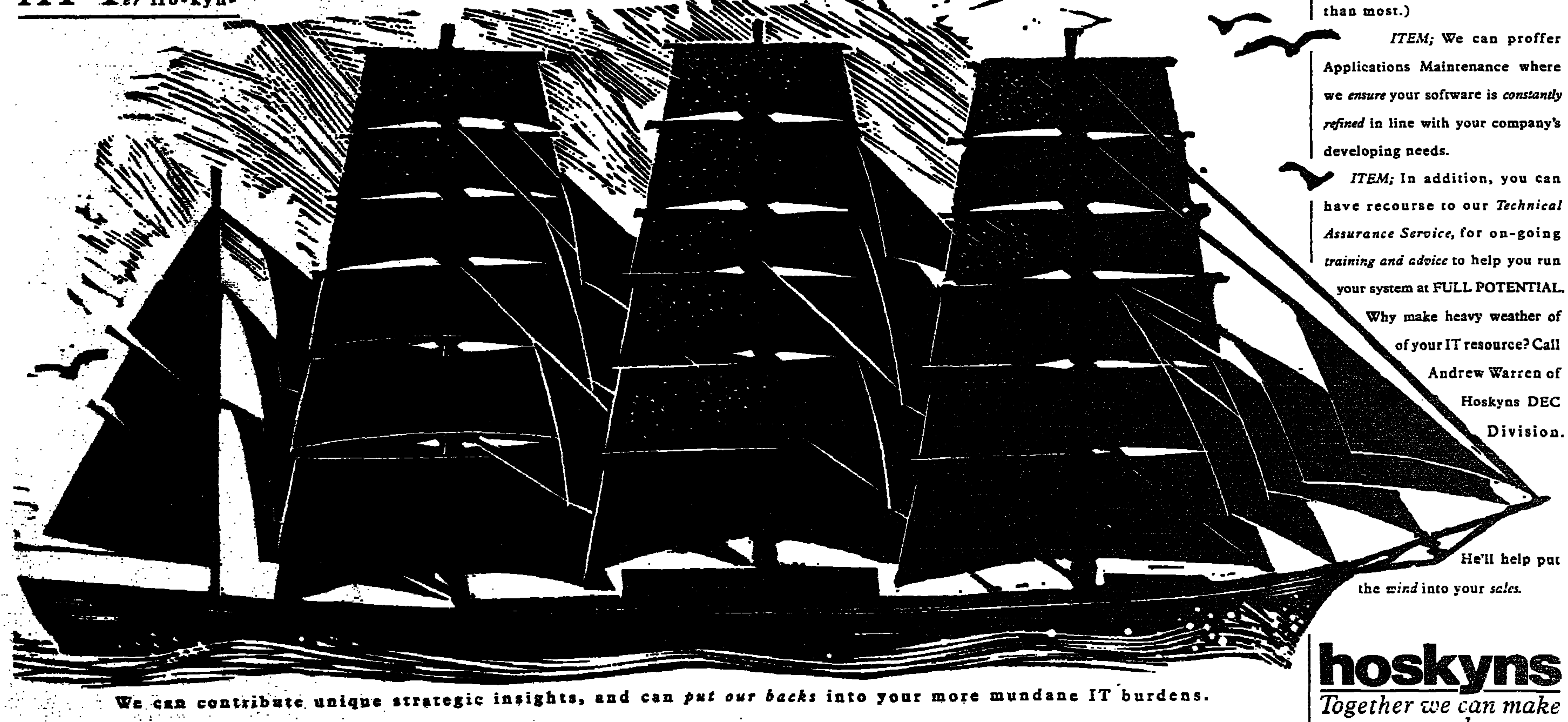

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ARTS

Irene Sunters as Dolly

A Man At Yir Back

DUNDEE REPERTORY THEATRE

Word was out that Dundee had discovered its own brand new folk dramatist, and that what John Byrne had done for adolescent aspirations in the Paisley of the 1950s, Gordon Burnside might be doing for senile susurrations in present day Dundee.

In the event, Burnside's first play, *A Man At Yir Back*, is a rambling, dramatically inert piece of writing in which Dolly, a 72 year-old council flat tenant in carpet slippers, displays what a characterful old Dundonian cove she is for the benefit of an implausibly obtuse and incompetent social worker from Plymouth.

A singing postman ("Hello, Dolly") drops by in the first act, a woollen-clad chattering neighbour pops in for coffee drunk from enormous cups ("It's like putting yir mouth at the side of a sink," "I gat them to fit yir gab") and to stash away her £600 of funeral money. Dolly's husband of 50 years, paralysed from a stroke, sits like a silent grey ghost on the sofa before being ordered back to the bedroom from whose Bourne and Hollingsworth no traveller returns.

There is an attempt to impose a thematic unity in the subject of women without men. Dolly lives with the mere shadow of Tommy but that, goes the sentimental proposition, is enough. The social worker (stiffly played by Joanna Dadd) has just broken up with a married man and is sung to sobbing sleep by Dolly, whose own daughter has brought up a child and made a successful career in spite of being jilted by *her* married lover in Perth.

Miss Sunters' Dolly has the stubby squat vitality of a Breughel peasant, hands stuffed deep in the pockets of a large red cardigan, thick white hair mannishly combed and parted. She is addicted to anything starring Cilla Black on television and studies the etymology of names. What opportunities there are for lyrical reminiscence and tough regret she seizes with powerful relish.

But the play is most effective at those moments of caustic, richly vulgar Tayside expression that enshrine quirks of local dialect and accent. And the presence of a party from a local old folks home in the front few rows on Monday night ensured an extraordinary sense of community in the house.

Dolly makes regular exits to the onstage loo, but one or two elderly patrons out-did her in that respect. One old dear got up to leave, fell over, went out, came back and shook her fist at the audience. For a moment, Dolly's real life understudy usurped the fictive original.

While we're on lavatories, the foyer rest rooms are plastered with a stylish photographic collage of past Dundee Rep playbills. This is where Glenda Jackson, Nicol Williamson, Michael York, Jill Gascoine, Edward Fox, Virginia McKenna and countless other stars all played leading roles early in their careers.

But not in this theatre. The old Foresters' Hall in Nicoll Street, destroyed by fire in 1963, and a converted church in Lochee Road, were the scenes of these famous first flourishes. The new purpose-built theatre, a comfortable and welcoming 450-seater, opened in Tay Square in 1982 after an intense fund-raising campaign and an anonymous interest-free loan that is still being paid off (£80,000 to go).

Under Robert Robertson's direction, the new Rep is established as an invaluable local amenity and has plans to expand its community work. The theatre receives £174,000 from the Scottish Arts Council and £96,000 from the City of Dundee (which, incidentally, celebrates this year the centenary of Queen Victoria's city charter). 55 per cent of the theatre's income is self-generated through the Box Office and subsidiary sales and activities.

Later in the season, Joanna Lumley comes to play Ranevskaya in *The Cherry Orchard*. *A Man At Yir Back* completes a sold-out run on Saturday.

Michael Coveney

TELEVISION

Battle of the soaps

Assume for a moment that the Thames programme *Death On The Rock* had suggested that in Gibraltar the SAS behaved with perfect propriety: that their instructions from the Government were to arrest the terrorists and bring them to trial, that this was precisely what they were attempting and that, John Wayne fashion, they shot only as a last resort after giving clear warnings and seeing movements suggesting that the terrorists were going for their guns. Does anybody believe for one moment that if the programme had indicated all that the Government would have started squealing about "trial by television"?

This particular "pre-judgement," after all, followed the Foreign Secretary's pre-judgement in the House of Commons and numerous pre-judgements by the popular press. The crucial difference was that Mr Howe and the popular press supported the actions of the SAS unquestioningly whereas television raised questions. The readiness of this Government to reach conclusions without bothering to consider the evidence was confirmed once more last week when John Wakeham, Leader of the House, admitted that although he had not read the Windlesham Report on the Thames programme, "I can say now that the Government profoundly disagrees with it."

That was the most graceless action yet of an administration which has behaved extraordinarily badly throughout the affair. What is needed now that the Windlesham Report has done so much to vindicate the programme is another screening so that the millions who never saw it can judge for themselves.

So much praise has been heaped on BBC2's cookery series *The Roux Brothers* that I begin to wonder whether I am the only one who finds their oh-so-studied brotherly banter in their oh-so-carefully preserved French accents, and their perpetual references to how Maman used to do things, arch to the point of embarrassment. It is all so precious and twee that one rather wishes a hygiene inspector would turn up in the studio and find a cockroach or some pigeon droppings.

★

Last week's *Arena* was a barely suppressed shriek of rage from a group of brainy women who had noticed that – from Titian to Page 3 – the male criterion of attractiveness in women has often been more concerned with good boobs than good brains. They came up with a marvellous series of assertions: men were really just jealous of the maternal power of the breast, frightened of cleavage, and so on (I am *not* making this up). Just why the blue-stocking brigade is so jealous of the power of a Marilyn Monroe or a Samantha Fox is unclear. After all, even though quite intelligent men may like ogling the women in *Penthouse* or *The Naked Maja* and would not give a second glance to Germaine or Marina if they took off every stitch, such men still go on marrying intelligent women – flat chested or not.

★

The production of feminist television programmes continues apace (*Sisters Under The Skin* and *Making Out* at present, for instance) and if ever you question this, the feminist producers in television – many of them men, numerically quite disproportionate to the incidence of feminists in the population at large – respond hotly that they are merely beginning to counterbalance the historical domination of "male" programmes.

Of course it is true that men have tended to feature dominantly in programmes about explorers, composers, poets, philosophers, politicians and so on because there have always been more men than women involved in such activities. But the programmes have almost invariably been about exploration, music, poetry, philosophy or politics; they have not been concerned with male consciousness. Indeed I have never seen a programme about male consciousness – the experience of "being male."

The new feminist programmes, on the other hand, whatever their ostensible subject – dance, health, whatever – tend to be dedicated primarily to female consciousness – the experience of "being female." There is not necessarily anything wrong with this: men and women are clearly quite different, thank goodness, and men may not need endless programmes agonising over maleness. But the producers should stop kidding themselves that they are righting any sort of imbalance. On the contrary, they are merely adding a new form of imbalance to all the old forms.

★

BBC1's twice-weekly soap opera *EastEnders* was launched in February 1985. For most of the ensuing four years it has dominated the ratings, giving the BBC the publicity triumph of topping the list virtually every week, by the simple ploy of aggregating the audience for its weekday origination and weekend repeat. Everybody in the business knew that, comparing like with like, ITV's 28-year-old twice-weekly soap *Coronation Street* was still winning, but the psychological advantage of occupying that No.1 slot in the Top 10 went nevertheless to the BBC.

Now, at a stroke – well, two strokes – everything has changed. ITV has started a weekend repeat for *Coronation Street* and the Broadcasters' Audience Research Board has begun to publish "First Showing" and "Second Showing" figures as well as the aggregated totals. Sure enough, *Coronation Street* has promptly resumed its domination of the ratings. The top three places during the third week in January were:

1. *Coronation Street* (22.97m)
2. *Coronation Street* (21.60m)
3. *EastEnders* (19.76m)

The next five places were filled by the week's five episodes of BBC1's imported Australian soap *Neighbours*; the second episode of *EastEnders* came in ninth; and the BBC sitcom *Only Fools And Horses* took the No.10 spot. Thus the BBC still scored eight out of the Top 10, but in the previous week they had only three, and in the week before that only four. The question is: now that the BBC and ITV soaps compete on an even footing, will the old northern product maintain its lead, or will the southern upstart continue to grow until it wins even in a fair fight?

The appetite for Australian programmes among British broadcasters is clearly increasing: *Flying Doctors*, *The Harp In The South*, *Cell Block H*, and, from next week *Home And Away* five days a week, have all been bought from Australia, and the reason is not merely that *Neighbours* has been such a wild success in the UK. As with American series the attractions are that they are made in the right language and are relatively cheap. As the former Australian, Rupert Murdoch, brings his satellite service on stream we can expect to hear yet more of the familiar antipodean twang from the box.

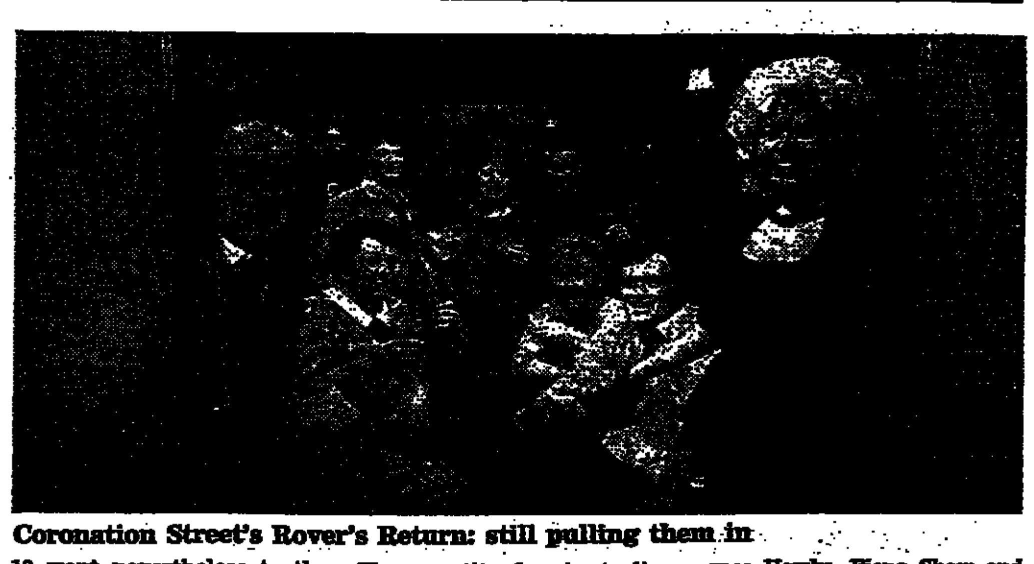
★

How good it is after all these years without *Late Night Line Up* to have *The Late Show* on BBC2 after *Newsnight*. The new programme has, of course, been extremely lucky with a sequence of events occurring as though to order: the Barenboim row in Paris, the burning of Rushdie's book, the death of Salvador Dali. However, some of the best items have been those which could be done at any time: a review of the picture battle between The Independent and The Guardian; Clive James' Friday discussion about Shakespeare with Terence Hawks, Fiona Shaw and Kenneth Baker; and Ray Fitzwalter of *World In Action* on the opposing camps in television current affairs.

Naturally it is not unalloyed gold. A long and over-contrived item about the seven deadly sins in stage acting was embarrassing (and, interestingly, not live). The decision to have no signature time but to use different music each night is an odd one. Some studio discussions have been forced beyond their natural length; some have been annoyingly cut off in their prime. And it would have been splendid if a couple of the presenters could have had a thorough-going left wing or right wing view of art and culture, instead of the standard BBC liberal/humanist/sixties/centrist attitudes.

Nevertheless, Sarah Dunant has again proved her excellence at this sort of work, and the programme has rapidly become a compelling fixture. With *Newsnight* finally having acquired its fixed starting time, it is now exceedingly difficult for the more demanding viewer to spend the 90 minutes from 10.30 to midnight anywhere but with BBC2.

Christopher Dunkley



Coronation Street's Rover's Return: still pulling them in

Un ballo in maschera

TEATRO REGIO, PARMA

For many years there has been talk in Parma of establishing an annual Verdi festival, an Italian Bayreuth. And, in the past decade, the success of the Rossini festival in Pesaro would seem to point the way.

But presenting the Verdi canon here poses special problems: very few of the operas can be considered rarities (even *Un giorno di regno* and *Stiffelio* are now performed from time to time in Italian houses), and – thanks to recordings – opera-lovers are accustomed to hearing Verdi sung by the greatest voices of past and present. Today's stars are notoriously expensive; and even a generously-budgeted festival in Parma would probably not be able to afford a series of grand casts.

The presence in the city of the prestigious and meritorious Institute of Verdi Studies, however, suggests that at least a scholarly, philological reason for a festival does exist; and the Parmesi have a reputation for being stubborn. The odds are that, in a year or two, some kind of annual Verdi celebration will come into existence.

The current production of *Un ballo in maschera*, which opened just after the Epiphany and will run till the end of the month, illustrates some of the possibilities and some of the pitfalls in presenting Verdi in his native region. Though less vociferous than in the past, the Parma audience knows Verdi thoroughly, listens carefully and critically, and follows the careers of young singers the way football fans try to spot the rising halfback.

On opening night, this *Ballo* starred Maria Chiara as Amelia and the Japanese tenor Taro Ichihara. Battling against the Chinese 'flu that is plaguing Italy, the singers made a poor impression, and bowed out of the second performance, which I attended two nights later. With a mixture of luck and daring, the Regio management found replacements and the curtain rose on time. For Amelia, they engaged Silvia Mosca, winner of the Busseto competition two years ago; for Riccardo, they pressed into service the debutant Fabio Armiliato, who – according to one story I heard in the foyer – had arrived in Parma at noon for an audition, singing a *Ballo* aria, which won him an engagement on the spot.

The subscription audience seemed at first cool; but as the evening proceeded, the applause increased, and there was a perceptible warmth in the house. Silvia Mosca, though the actual voice is a bit hollow, is clearly an accomplished musician and, under what must have been unnerving circumstances, a skilled actress. Armiliato, tall, skinny, and gawky, seemed to be wearing costumes several sizes too small for him; but in the end he also earned the audience's respect and support by his bold, impassioned singing, where sweetness of tone was enhanced by vigour of expression. He is still green, but he should soon ripen into a valuable artist.

The only veteran among the principals, Leo Nucci was a self-assured Renato and had the audience in the palm of his hand, though his "Eri tu" was, I thought, hectoring, without pathos. Alida Ferrarini was a bright, but not coy Oscar (the voice, happily, has more body than the usual soubrette); Carmen Gonzales was an uneven, barely acceptable Ulrica.

The "Arturo Toscanini" regional orchestra is more than acceptable (there are bigger Italian opera houses that might well envy the Regio in this respect), and the conductor Angelo Campori knows how to handle it. Long, valuable experience in the provinces has not staled him, but rather has given him a special expertise in dealing with less-than-stellar forces. The performance had some ragged edges, but it had, on the other hand, a natural pace, a cohesion that can often be missing from so-called gala productions.

Pierluigi Samaritani is another designer who has turned to producing. He has made a misstep. The sets for this *Ballo* (apart from the ever-present, tedious scrim) had a certain romantic grandeur, and so did Samaritani's traditional costumes. But the best moments of the staging came when everyone stood still, in handsome tableaux vivants. The movements were awkward, and the use of bumbling mimes was intrusive and irritating.

Still, in sum, this was an enjoyable *Ballo*, interesting for its revelation of two new artists. And perhaps this is a path the prospected Verdi Festival could profitably pursue. Unlike Rossini or Wagner, Verdi can be effectively interpreted by quite young artists (I remember – indeed, I will never forget, hearing Bergonzi, Antonietta Stella, Bastianini, when they were in their twenties).

William Weaver

Hungarians to visit Covent Garden

The Hungarian State Opera and Ballet is to visit Covent Garden from February 27 to March 1 with a triple bill of three Bartok stage works – the opera *Duke Bluebeard's Castle*, and two one-act ballets by Hungary's leading choreographer, Laszlo Seregi, *The Wooden Prince* and *The Miraculous Mandarin*. Also Seregi's ballet *Variations on a Nursery Song* to Erno Dohnanyi's concert piece will be performed.

Les Géants de la Danse

THEATRE DES CHAMPS-ELYSEES, PARIS

Earlier this month the Théâtre des Champs-Elysées in Paris presented nine evenings of a season called "Les Géants de la Danse." For "les géants," read "some of the stars best known in Paris;" and for "la danse," of course, read "ballet." Yet neither ballet nor dance of any serious kind was at the core of what most of these performers were offering. There were three separate programmes; I attended the first two.

The shabbiness of the event is summed up by the fact that, despite seat prices ranging from FFr 50 to 300, all the dancing occurred to taped music. Had it not been for that, I would have returned to see Programme Three, which promised Natalia Makarova, Julio Bocca, and the Kirov's Altynai Assylmuratova and Farouk Ruzimatov.

The evenings I saw formed a representative sample, albeit in bleeding chunks, of the categories of ballet Paris values most: Kirov, Bolshoi, Paris Opéra, Roland Petit and Maurice Béjart. To me these five form a list of bumpy descents, from old gold to new trash, from harmonious classicism to pretentious and gymnastic distortion. But that is not how matters are viewed in France or the Soviet Union.

Caught between Soviet ballet and Petit/Béjart pretensions is the originally elegant and delicate "école" of Paris Opéra Ballet style, which I, unlike most British critics, find has now been widely perverted by the posey and self-congratulatory manners encouraged at the Opéra and by the bombast or trashiness of the Opéra's repertory.

Bad choreography corrupts; and the company that was historically the cradle of academic ballet looks now, when set against the heights of American and Soviet dance, no more seriously classical than the Victor Emmanuel monument amid the glories of Rome.

There is no clearer example of this than Sylvie Guillem, so lauded during her recent London appearances. In Programme One of the "Géants" season, Guillem danced a solo from Béjart's *Héliogabale*, a duet (with Manuel Legris) from William Forsythe's *in the middle, somewhat elevated* and (with the straining Peter Schaufuss) the *Corsaire* pas de deux. Guillem's long legs make an obvious impression in all they do – which includes the unsightly extreme of an over-split 220-degree arabesque penchée – as do her strikingly arched feet. She has, in addition, delicious curtain-calls, and – among ballerinas – the most striking hairdo (Louise Brooks plus henna) since Zizi Jeanmaire.

But whether in the radical chic of Forsythe's modish aggression, or in the angular and parallel-legged staccato ideas that Béjart deems a clever accompaniment to a Bach adagio, or in the *Corsaire* academic bravura, Guillem seems only to be toying with effects. This is Sindy-Doll ballet – merely an android parody of Kirov amplitude. The arches of Guillem's feet lack pliancy and expressiveness; the hyperextension of those legs is applied, not to dynamically powerful phrasing, but to acrobatic sensationalism.

Large parts of each programme were "monstre sacré" vehicles. This category is home terrain, of course, for Béjart and Petit. Whether you are watching Béjart's latest oddity, Maria Grazia Galante, in two [illegible] solos, or Dominique Khalfouni, Petit's main muse today, in the *Carmen* and *L'Arlésienne* pas de deux, dance values are beside the point: physical sensationalism and exotic temperament are what count here. And distortion is always part of the effect – distortion of line, of flow, of sense.

For the first-half close of Programme One, Jorge Donn, Béjart's long-standing male muse, now flabby round the once slender waist, performed a series of significant gestures, postures and staccato moves alongside the Adagietto of Mahler's Fifth. The same space on Programme Two went to Marcia Haydee (who has ridden more "monstre sacré" vehicles than I can bear to count) and John Neumeier (who has choreographed several of them). Here they performed, as recently seen on TV here, Béjart's absurdist and pseudo-Oedipal *Les Chaises*.

Of these first two programmes, the sole true pleasure came from those senior Bolshoi stars, Ekaterina Maximova and Vladimir Vassiliev, now in their late forties. Not that their repertory was anything much. Maximova, in long white dress and handkerchief, danced a folk Russian Dance from *Swan Lake* (Vassiliev's adaptation of Goleizovsky's choreography); and, with Vassiliev, she danced two duets that he had choreographed – both over-long, loosely dramatic and episodic affairs – and also the *Elegy* choreographed by Asaf Messerer, in which the living hero and spectral ballerina are both linked and parted by her white veil.

But there was just enough substance in all these dances to show the artistry of this pair, artistry in which – in best old-Bolshoi tradition – folk vitality and academic refinement are ideally fused.

Maximova is currently far sharper, more alert, than in her last London appearances in 1984; and, though now she cannot offer the brilliance that is part of her legend, she, like the Kirov's Irina Kolpakova, gives you the essence that infused her art in its high summer.

Nowhere else on either programme did I see such strength of phrasing, such glowingly alive feet and legs. The heel-and-toe Russian Dance opened simply: just a step on pointe this way, a step on pointe that way, and then a slow descent onto flat foot. A mere nothing – yet with the rubato and nuance of it, the sweet pride with which she teased the phrase to its conclusion, Maximova had me, right at this start to her dance, in the palm of her hand.

Alastair Macaulay

ARTS GUIDE

January 27-February 2

THEATRE

London

Single Spies (Lyttelton). Marvellously entertaining new Alan Bennett plays about Guy Burgess and Anthony Blunt, with Simon Callow and the author. Prunella Scales joins in as Her Majesty the Queen. In National Theatre repertoire until February 4 before transferring to West End (928 2252).

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone-walling and no-dealing tricks (930 2578, cc 839 1438).

The Secret Rapture (Lyttelton). Brilliant new David Hare piece for the National Theatre, a satirical but moving romance on life, love and family politics in Thatcher's Britain. The play of the year. Feb 8-11, 24, 25, 27, March 9-15, March 25, 27 (928 2252, cc 240 7200).

The Shaughraun (Olivier). Recommended Christmas treat, as Boucicault's melodrama is given the full scenic works but is also revealed as a key Irish dramatic milestone. Fine National Theatre cast led by Stephen Rea. (928 2252). Feb 13-16, March 1-4.

Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected. (834 1317, cc 836 2428).

The Sneeze (Aldwych). Eight short Chekhov pieces – four vaudevilles, four early stories – translated and adapted by Michael Frayn and performed in various styles by Rowan Atkinson, Timothy West and Cheryl Campbell. Slightly rewarding, intermittently funny (836 6404, cc 379 6233).

Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National. Fizzing performances from Gillian Barge, Francesca Annis, Zoë Wanamaker (437 2663, cc 379 4444).

Orpheus Descending (Haymarket). Triumphant debut for the Peter Hall Company with Vanessa Redgrave candescently sensual and Italianate in atmospheric restoration of Tennessee Williams's last indisputably major play (930 9832).

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).

Rotterdam

Evita (Doelen). Original Broadway production with Florence Lacey. (Mon, Wed, Thur). (413 2490).

New York

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-stage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

The Piano Lesson (Goodman). Prolific August Wilson continues his exploration of the American black in history with a play, set in 1936, about a family's arguments set round an elaborately carved heirloom piano. Ends Feb 11 (443 3800).

Tokyo

Noh (National Noh Theatre). A double bill consisting of the famous noh play, Aoi no Ue (Lady Aoi), and a comic interlude (kyogen). Japan's most esoteric art form is not to everyone's taste, but should be experienced at least once by everyone who wants to discover why Japan will never become a "Western" nation. (Wed at 1pm) (423 1331). (Most other Noh theatres are open at weekends only. Check local press for details.)

Carmen (Aoyama Theatre). Musical (in Japanese) based on the opera, but which follows Merimée's novella more closely than Bizet did. The aim, according to director Mike Ashman of the Royal Opera House, Covent Garden, is to put back "the sex and violence". Stars Mao Daichi who, unlike most Carmens, can dance as well as sing. (591 1711).

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Mr Clarke's prescription

THE LENGTHY review of Britain's National Health Service by a committee chaired by Mrs Margaret Thatcher has resulted in a relatively tame prescription. Yesterday's White Paper confirms that the NHS is not going to be privatised or dismembered. On the contrary it will still be one of the largest bureaucracies in Europe. It will continue to provide a tax-financed service that is largely free at the point of delivery. Doctors, in the main, will continue to assess needs and ration resources, rather than respond to expressed health demands as they do in the US.

But if the fundamental character of the NHS remains unchanged, its internal organisation does not. The Health Secretary, Mr Kenneth Clarke, is quite rightly seeking better ways of achieving old objectives. The reason for setting up the NHS was to ensure that access to health care did not depend upon means. It was presumed that this goal could be met only by making the public sector a near monopoly supplier of health care. But what it requires is that the public sector finances and purchases health care on behalf of patients. It matters little in principle whether suppliers are in the public, voluntary or private sectors.

Increased options

The Thatcher/Clarke reforms are based largely on an attempt to separate the provision of health care from its financing. District health authorities now do both; in future, as hospitals begin to opt for self-governing status, they will act more as purchasers than as suppliers. Districts will be free to purchase care from opted-out hospitals, from hospitals in other districts and from the private sector. The increased range of options is intended to provide scope for cost-savings.

But the formation of a vigorous "internal market" may not prove an unmitigated blessing. The hospitals that are most likely to flourish are large teaching institutions with strong "brand names." These are mostly situated in London and the south-east. Resources – and patients – are likely to move from poorer to richer regions, reversing the thrust of policy in the past decade. Many people may have to travel further for treatment. In the cut and thrust of competition, hospitals may sometimes overlook the needs of local communities. This may not bode well for the future of preventive community-based medicine.

The new system will be designed to bolster the "gate-keeping" role of general practitioners. The fact that patients must see GPs before gaining access to specialists or expensive hospital facilities goes a long way to explain the relative efficiency of the NHS. The decision to give some large practices budgets with which to buy services on behalf of patients is a logical next step. But many GPs lack the skills required of efficient budget holders; considerable investment in both training and computer hardware will be necessary.

Improving management

The Government rightly emphasises the importance of improving the quality of management in the NHS. Success, here, will depend in part on the degree to which clinicians are prepared to face the resource implications of their decisions. It will also depend on the willingness of staff to accept the changes. One good test of the effectiveness of managerial reforms will be whether the post-review NHS can avoid damaging labour disputes, such as last year's uproar over nurse regrading.

Mr Clarke would like to create a less political and more businesslike NHS. But the decision to strip districts of local political representation will not achieve this desirable end. Indeed, it could exacerbate problems by making the NHS seem less accountable. The service is political primarily because it is run from the centre by politicians: the Health Secretary shows no sign whatever of ceding real power to its professional managers.

Mr Clarke deserves credit for some modest reforms. Neither he nor the Treasury can be blamed for the most foolish decision, which was to give rich elderly folk a special tax break if they buy private health insurance. Yet the central dilemma remains: the Government wants to cut public spending as a proportion of gross national product although demand for health care is certain to rise faster than incomes. This circle will not be squared by a small expansion of private medicine.

Kohl's Nato problems

THE SUCCESS of the extreme right-wing Republican Party in the West Berlin city election and the setback suffered by the ruling Christian Democrats is a disquieting development, even though it probably does not reflect opinion in the country as a whole. Special social factors, such as the very large number of foreign inhabitants in the city – some 11 per cent of its total population – played an important part in boosting support for an ultra-nationalist party. But the result nevertheless contains some wider lessons for Mr Helmut Kohl, the West German Chancellor, who has recently come under sharp attack from his domestic and foreign critics on problems ranging from defence policy to chemical plant exports to Libya.

No doubt the Chancellor lost a great deal of credibility as the result of government denials, subsequently found to be incorrect, that West German companies had been supplying equipment to a suspected chemical weapons plant in Libya. But the decline in support for Mr Kohl's CDU party pre-dates the Libyan affair by a long time. The Christian Democrats have suffered heavy losses in six out of the last eight state elections. The West Berlin result merely confirms this trend, though the fall of nearly 9 per cent in their share of the votes is particularly striking.

Normally, such a decline in popular support for a ruling political party can be explained largely by economic factors. But, in the case of West Germany, the economy has continued to perform satisfactorily over the last 12 months and even unemployment, though still uncomfortably high from a political point of view, is set to decline slowly. The causes for Mr Kohl's loss of popularity can almost certainly be found elsewhere, in areas spanning East-West relations, defence policy and West Germany's relationship with the US.

Mr Mikhail Gorbachev's glasnost policies have again thrown temptation in the way of a country which, traditionally and by virtue of its geographical position in the centre of Europe, is inclined to look both West and East. As long as the cold war was at its height, the West Germans, whatever their long-term yearning for reunification with the eastern half of their country, had few qualms about their membership of a highly integrated Western defence organisation such as Nato. But in the present balmy international climate it is hardly surprising that the German people should again begin to listen to the siren calls from the East.

Recent public opinion polls show that nearly 80 per cent of the West German population favour a non-nuclear Europe and some 44 per cent want the Federal Republic to be neutral between East and West. This large body of opinion is more in sympathy with the policies of Mr Hans-Dietrich Genscher, the Foreign Minister and Mr Kohl's Free Democrat coalition partner, who has long advocated a more positive response to Mr Gorbachev's overtures, than it is with those of the Chancellor.

Faced with such a groundswell of opinion and disagreements within his Government, Mr Kohl has understandably hesitated to respond to the pressing appeals of the US and Britain that Bonn should express its support for the modernisation of short-range nuclear weapons, based on West German soil. West Germany's Nato allies cannot ignore the domestic political predicament in which Mr Kohl finds himself and should, perhaps, express their views on the modernisation of nuclear weapons in a more diplomatic manner than they have done hitherto.

But if Bonn is entitled to ask its allies for understanding of its special sensitivities, the latter are equally justified in demanding a clearer stand from the West German Government on a matter which so fundamentally concerns the future of Nato. The impression of drift currently given by the Federal Government can only be harmful to the unity of the Western alliance, as it prepares to embark on vital conventional force reduction talks with the Warsaw Pact.

Andrew Gowers and Scheherazade Daneshkhu look at prospects for Iran after 10 years of the Ayatollah Khomeini

Redefining the Islamic Revolution

TEN years ago today the Iranian revolution reached its climax with the return to the country of a 76-year-old religious teacher named Ayatollah Ruhollah Khomeini. In the decade since, Ayatollah Khomeini has steered his country through eight years of gruelling war with Iraq, supervised a chaotic transfer of power from a westernised élite to a coalition of clergymen and urban revolutionaries, presided over a major extension of state power, survived a collapse in the price of oil, Iran's main source of revenue, and confronted an array of foreign powers, especially the US.

Finally, in the last year, he has been forced to accept a humiliating end to the Gulf war and to compromise on many of his most cherished goals.

It is tempting to conclude that a revolution which started with the aim of exporting its fervour and principles across the Islamic world has burnt itself out with little to show. Its appeal to Moslems in general and fellow-Shias in particular has conspicuously failed to produce the once-feared wider explosion, notably in Iraq.

Recent comments by the leadership have a fragile and defensive tone, betraying a sense that the revolution has yet to achieve many of its goals. With last summer's ceasefire, fundamental arguments within the regime on Iran's future direction have emerged in public. They are rendered all the more urgent by a recognition that differences can neither be buried any longer in the interest of the war effort nor left indefinitely unresolved.

In this "reconstruction phase," said Hojatoleslam Ali Akbar Hashemi Rafsanjani, speaker of Iran's parliament and effective political leader, last month, "we should think that the revolution has just started." Yet within Iran, the social, political and economic upheavals of the last 10 years have been momentous and, in two important respects, they have an air of permanence.

First, a completely new class – the clergy and its supporters – has consolidated its hold on power. After purging the Shah's narrow élite, the clergy moved with equal dispatch and ruthlessness to eliminate its secular, nationalist and left-wing rivals. The cost in lives and disruption has been enormous. But since the end of what came close to civil war in 1981-82, the position of the clergy, or *ulama*, has not been open to serious dispute. Its opponents have been either scattered into exile or cowed at home.

At the top, the same collection of Khomeini associates has been in command – if not always in full control – for a remarkably long time: Mr Rafsanjani's tenure as speaker of the *Majlis* (parliament), Ali Khamenei's as President and Mr Hussein Mousavi's as Prime Minister all date from 1980-81. Fierce debates about policy there may be, but they take place largely *within* the new élite and their limits have so far been defined by the Islamic Republic's 1979 constitution. People whose loyalties are perceived to fall outside these confines continue to be treated with the utmost harshness: witness the waves of political executions since last July.

The emergence of the *ulama* has plainly had a far-reaching impact on day-to-day life, from the imposition of an Islamic dress code to wholesale desecularisation of the education system.

What is less frequently commented on is the way in which other "children of the revolution" have risen to positions of influence on the clergy's coat-tails. Thousands of young men, who had little hope of making an impact on the country's administration under the Shah, have carved out new careers in new institutions, such as the Islamic Revolutionary Guards Corps and the Crusade for Construction.

New faces, often drawn from their ranks, have been brought into senior government posts and elected to parliament: in last year's *Majlis* elections, more than half the MPs chosen were novices in national politics.

The second apparently entrenched change of the last decade has been a development familiar from the French, Russian and other revolutions: a huge expansion in the state's economic powers. Creeping centralisation was a key feature of the Shah's regime, especially after the oil price explosion of the 1970s. But as Professor Shaul Bakhash, a leading Iran scholar at George Mason University of the US, points out, the process has accelerated dramatically under the Islamic Republic. Areas in which the Government has taken sweeping powers include:

- Provision of staple foods, governed for several years by a rationing and subsidy system.
- Banking, insurance and major private industries, all nationalised in the first year of the revolution.
- Foreign trade, 80 per cent of which is now reckoned to be under state control.
- Urban property, significant amounts of which have also been taken over by the Government as a result of piecemeal land reforms.

Hand in hand with these developments has come an uncontrolled expansion of the bureaucracy. The Government has had to expand the Civil Service to administer its growing economic empire. But it has also created or absorbed a host of new "revolutionary" institutions alongside those it inherited from the Shah.

This is a pattern which duplicates itself throughout the ruling apparatus: the Revolutionary Guards Corps operates in competition with the distrusted armed forces; the network of

Differences within the regime can no longer be buried in the interest of the war effort nor left indefinitely unresolved

local *komitehs* spawned by the revolution has become a parallel internal security force to the conventional police and gendarmerie; new bodies such as the Crusade for Construction, the Foundation for the Oppressed and the Martyrs' Foundation have taken over a wide range of economic functions from older-established branches of government such as the Agriculture and Commerce Ministries.

The civil service has more than doubled in size since the revolution. At the last count, there were 38 independent ministries and organisations, with more than 1.7m personnel – in sum, an administrative nightmare.

Connecting these two broad areas of social change is the desire of the *ulama* to preserve the core of public support for what was above all a populist revolution. The clerics have rewarded the zealous with jobs in the government machine. With considerable skill, they have also established a system of political checks and balances to accommodate the widely differing opinions within their ranks.

The Islamic Republic remains extremely intolerant of opposition to its constitution but within these confines, it arguably allows freer political expression than was possible under the Shah. It is certainly not a democracy, but it has at least opened up the possibility of broader political participation.

Perhaps most important, its leaders have created a much greater impression of political independence for the country than existed during the Shah's rush to western-style development. The slogan "neither East nor West" has been Ayatollah Khomeini's most consistent political statement – and the sense of genuine non-alignment is certainly the criterion by which he would like the revolution to be judged.

"If the motive behind the revolution had been to establish a lower cost of living, to enjoy welfare, then those who want to complain may go on complaining," he said in 1982. "What you wanted was Islam, what you wanted was an Islamic Republic, what you wanted was neither West nor East. All these objectives have been achieved."

Like much else in revolutionary Iran, its foreign policy has evolved through a painful process of trial and error, and has at times cost the country dear – not least in the total isolation it brought on itself in the early years and again in 1987-88.

But the Islamic Republic still takes pride in having swiftly paid off the debts accumulated by the Shah. Where it has manifestly failed – despite all the rhetoric – is in making progress towards the goal of genuine economic self-sufficiency. The end of the war has refocused attention on the underlying economic challenges facing the Government: lagging industrial productivity and investment, stagnant agricultural output, rampant inflation, and, not least, the need to find jobs for a population growing at an annual rate of nearly 4 per cent and to accommodate tens of thousands of young men freed from military service.

It has brought to the surface old rifts within the leadership on such questions as the relative roles of the private and public sectors, foreign borrowing and foreign policy in general, and redistribution of wealth. The republic is, in other words, struggling to redefine some of its most basic tenets. Revisionism is in the air even about the question of independence, with Mr Rafsanjani making the striking admission the other day that "it is impossible in today's world to be totally independent."

Although Ayatollah Khomeini insisted at the outset that the revolution was not about "the price of watermelons," these economic issues will determine its course in the next few years. Iranians' expectations are lower than they were in the 1970s, but the leadership cannot count on keeping a restive population of more than 50m satisfied by simply continuing to preach austerity.

Uncertainties abound. The Government has promised reconstruction without specifying how it is to be funded. It recognises the need to rationalise the government organisation and to rein in parallel structures such as the Revolutionary Guards, but has shied away from practical steps in that direction. Some leaders have spoken of giving more latitude to the squeezed private sector, but there seems little prospect of a move to roll back the state and business confidence remains depressed. Ayatollah Khomeini talks frequently of the overriding need to help "the oppressed," but his disciples are struggling to maintain a food rationing system which has – in the absence of coherent agricultural policies and security of tenure – landed them with an annual food import bill of $3bn (£1.7bn), one third of Iran's total foreign exchange revenues.

In their different ways, such problems go to the heart of the matter, which is an all-pervasive uncertainty about the ultimate source of authority. Many is the time that Ayatollah Khomeini, who remains the revolution's principal unifying factor, has been asked to resolve political disputes. His response has been to seesaw, *to sit on the fence or to refer the* issue to a new arbitration panel.

The trouble is that the Ayatollah, now 86 and by most accounts not in the best of health, will not be around for ever. The succession may have been resolved on paper by the nomination of Ayatollah Hussein Ali Montazeri as spiritual leader, but he can scarcely lay claim to Khomeini's towering stature. The only figure who appears to command wide respect is Mr Rafsanjani, but he would need to deploy all his considerable manipulative skills to translate this into unequivocal support for his leadership.

Until Iran's leaders evolve an acceptable mechanism to resolve their differences, the logjam is likely to remain unbroken. The only other conceivable outcome is the eventual *emergence of a single dominant figure*. It would not be the first time that a revolution had turned to a powerful leader to steer it into a second phase.

OBSERVER

Schönhuber shock

■ Franz Schönhuber is opposed to the European Community, anti-American, pro-German reunification and wants a "new patriotism." He is also a great admirer of Margaret Thatcher, having told a political rally last year that West Germany would be in much better shape if it were run by the "Iron Lady."

Schönhuber is the leader of the far-right Republican Party, which shocked the establishment by picking up 7.5 per cent of the vote in the West Berlin election last Sunday.

Now 66, he is a former television journalist who wants a return to the "old virtues." He lays particular stress on bringing back "punctuality and cleanliness" – neither of which appear to be in short supply in the Federal Republic.

He is also critical of West Germany's admission of foreign workers. He talks about the Swiss idea (sometimes picked up by Jean-Marie Le Pen in France) of allowing guest-workers to stay only for set contract periods. Some of his supporters go further and would like to send them home.

Schönhuber claims that he was the victim of an excessively apologetic attitude to the German past when he was sacked from the Bavarian television and radio station after publishing his account of life as a Waffen-SS volunteer during the war. It was named book of the year in sections of the right-wing press.

Soon after, in November 1983, he left the Bavarian Christian Social Union to form the Republican Party along with other CSU members disappointed with what they saw as Franz Josef Strauss's softening attitude to the East bloc.

He was born in Bavaria, but has not always been on the right. After getting permission from the post-war military government to remove his SS-tattoos, he took jobs as an actor and sports reporter before ending up in television. During the 1970s he was considered a Social Democrat and his wife was an SPD member of the Munich City Council.

Polite and persuasive to meet, he denies anti-Semitism: "I was once married to a Jewess." He also denies disliking foreigners and guest-workers: he says he has spent a large part of his life abroad and has a house in Turkey. His party is not, he claims, associated with the radical right, but part of the "mainstream right-wing."

Quiet wedding

■ Some of the civilities are still being preserved at Wandsworth Prison, despite the upheavals. William Allen, who is in for fraud, was married in the prison board room yesterday. The ceremony was conducted by the prison registrar and attended by one of the governors. His bride, June, was led in by a couple of police officers.

The couple had planned to marry before, but the sentence intervened. The honeymoon will take place in Australia when Allen is released. June said: "My husband and I would like to thank the Governor for making this all possible," but added that her husband would like the prison officers to come back to work "because they are so much more organised than the police."

Poetic rides

■ Literary life is looking up on the London Underground. The number of poetry posters is to be quadrupled to 4,000.

The new sites will cost about £173,000 in lost advertising revenue, but the Underground claims that the money is well

"Scalpel . . . swab . . . pocket calculator . . ."

spent. "A lot of people use our system, and it is nice if occasionally we can do something to make it more pleasant for them," says a spokesman, who adds that there have been piles of congratulatory letters since the posters first went up two years ago.

The selection is made by Poems on the Underground, an independent organisation run by Judith Chernaik, an American-born English don at Queen Mary College, and a regular traveller on the Central and Northern Lines.

Her choices for the new posters include Delay, by Elizabeth Jennings, and Everything Changes, by Cicely Herbert, neither of which have anything to do with transport. Something to read while you wait though.

NASDAQ's man

■ The National Association of Securities Dealers has elected an American living in Britain as one of its governors-at-large. Victor Wright, 43, is a partner at Goldman, Sachs and has been in London all of six months.

NASD is the self-regulatory organisation for the NASDAQ and over-the-counter securities market in the US. Wright was asked to stand for the post after he arrived in Britain and his election is meant to reflect the growing interest in the British market. Wright says that it involves six to eight meetings a year and some extra reading. It will not keep him away from Goldman Sachs.

Yellow lines

■ The pound at London's Mount Pleasant is becoming a pretty familiar place, especially in the hour before midnight. All taxi drivers seem to know it and take you there with a sort of relish. Japanese businessmen pay their £57, plus £12 parking fine, and retrieve their cars apparently without protest. And, though expensive, it is marginally better than being clamped, for at least you get the car back faster. Yet the new draconian system is also somewhat arbitrary. It is supposed to be legal to park on a single yellow line in London after 8 pm. Not any more. If somebody decides the car is causing an obstruction, away it goes.

Backing BP

■ A shareholder told BP's AGM yesterday that after the stock market crash he had sold his house and put all his money into BP shares. It was not a complaint, but a brilliant investment. Sir Peter Walters, the BP chairman, congratulated him on his astuteness.

Slim chance

■ Sign outside a New York *slimming club*: "If you join now, we'll see much less of you in future."

John Gapper looks at the union which is the force behind the staff walkout at Wandsworth Prison

Fresh Start that wasn't

Perhaps it was a sense of irony that made the Home Office give the name "Fresh Start" to its reform of the working practices of 23,000 traditionally argumentative prison officers. Whether it was that, or naive optimism, it now seems a better title would have been "More of the Same".

Yesterday, at Wandsworth Prison in south London, 200 police officers were maintaining fragile control over 1,500 prisoners after 281 prison officers had walked out. For the first time since 1919, one of the regular industrial disputes in British prisons has led to police taking over.

Since the Prison Officers' Association (POA) voted in a national ballot in May 1987 to accept the Fresh Start package – intended to bring some order into a disordered pattern of work in which 30 per cent of pay came from overtime – there have been constant flare-ups between the union and the Home Office.

Two weeks ago, it seemed too good to be true when the POA announced that it was to recommend its members to call off a year-old national dispute over the way in which Fresh Start was being implemented. It was. On Monday night, the POA executive abandoned the ballot and yesterday was back in a familiar ritual of crisis talks at the Home Office.

Not for the first time, backbench Conservative members of Parliament called for the POA to be dealt with once and for all. Mr John Wheeler, chairman of the all-party home affairs select committee, said recognition of the union should cease and prison officers made to enter a no-strike deal similar to the police.

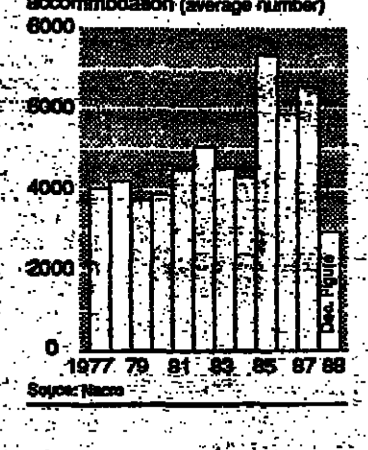
The POA is a curious organisation. Although its members are regarded with some suspicion within the Trades Union Congress for being too right-wing, they are probably the most militant of any TUC union in protecting their interests. And the Government does not seem willing to challenge the union's power, unlike many private sector employers.

Fresh Start is only the latest cause of discontent among prison officers. It was intended to bring some order to prison officers' working contracts, to achieve a 15 per cent cost saving by altering rotas, and to reduce the working week from an average of 56 – including 16 hours' overtime – to 48.

In practice, although Fresh Start has now been extended to all prisons in England and Wales, it has run foul of local disputes and the cost savings have been no more than 10 per cent. Local reviews of manning levels have had to be carried out after its implementation – the one at Wandsworth in October led to yesterday's dispute when the governor tried to enforce it without agreement.

Prison overcrowding

Prisoners above certified normal accommodation (average number)



Source: Nacro

Although some MPs have found it baffling that prison officers have remained so argumentative despite Fresh Start, the reasons for their disenchantment are not hard to find – British prisons are a far from pleasant environment.

The fundamental problems are their age and the degree of overcrowding within them. Many Victorian prisons, such as Wandsworth or Strangeways in Manchester, are so overcrowded that up to three prisoners are forced to share cells intended for one.

The complaint of prison officers is that they are too few to supervise prisoners adequately. Under-staffing – which led to the disputes over Fresh Start – has a particular resonance in prisons. Prison officers argue that a lack of staff can put them in danger.

The rhetorical question constantly posed by officers is: *"Who runs when the alarm bell rings?"*

Such resentment makes it hard for the Home Office to tame the POA. The union is so militant locally that its national leadership can seem positively accommodating. Almost all its members carried on paying dues when the Home Office took the aggressive step of cutting off their direct deduction from salaries in the autumn.

Nor does there seem to be an easy alternative. POA leaders created another enemy for themselves earlier this year when they sacked five of the union's full-time officials in a dispute over their pay. However, their attempt to set up a rival union has made little headway so far, and there is no reason to think it would be less *troublesome than the POA.*

The failure of Fresh Start to provide a new beginning means the Home Office is left with limited options for trying to calm the POA permanently. The most obvious strategy would be to reduce the degree of over-crowding and modernise *prisons, thereby lowering staffing tensions.* But the rising prison population makes it hard even to keep pace.

The Government has a prison building programme intended to provide up to 25,000 extra places by the mid-1990s, and Monday's public spending white paper allocated money for a further 3,000 places in the next three years, together with the switching of about 1,000 prisoners to bail hostels and probation.

An emerging strand of Government policy is the privatisation of some prison services. Following a green paper in the summer, tender forms have been issued for private contractors to bid to build remand centres in the next two to three years. When such centres are built, the question will arise as to whether the POA will be recognised at them.

Privatisation might ultimately provide the Government's escape from the POA in the same way that variation of staff pay and conditions has been a motive for setting up agencies within the civil service, and encouraging hospitals to opt out as part of yesterday's review of the National Health Service.

But it remains a rather distant vision. In the short-term, the Home Office seems to have as little chance of ridding itself of the POA and industrial disputes *as it has of ending crime.*

UK balance payments

Trying to arrive at a reasonable trade-off

By Terry O'Shaughnessy

Conventional wisdom holds that rapid deterioration of Britain's current account is merely a reflection of a temporary surge in the growth of domestic demand. It does not, therefore, raise *serious doubts* about the durability of the economic recovery.

I would argue that this is far too optimistic a view. There is no evidence that a sustainable recovery has taken place. On the contrary, unless something changes, the level of unemployment will have to rise again towards – and even past – 3m. The problem is the old one of reconciling internal and external balance. For most of the past 70 years Britain has had to trim domestic economic policy with an eye to maintaining a precarious international and trading position. The evidence suggests that we face the same policy dilemma today.

Consider figure 1, which plots the current account balance (as a percentage of GDP) against unemployment for the *past 30 years. Two things stand* out. First, during short periods, there appears to be a trade-off between external balance – in the shape of a healthy current account – and internal balance, as measured by the level of unemployment. Second, over time, there has been a striking *deterioration in the terms of* this trade-off.

Thus, between 1958 and 1966 (when the relationship was admittedly a rather weak one) unemployment of about 380,000 was compatible with current account balance. During the late 1960s and early 1970s, the trade-off progressively worsened so that unemployment had to be about 750,000 for external balance.

*The oil shock of 1973 exacer*bated existing problems. By the beginning of 1974 the level of unemployment consistent with current account balance had jumped to 1,221,000. This new trade-off – represented by the middle line on the diagram – held good until the first quarter of 1981 despite the dramatic transformation of Britain from oil importer to oil exporter. It suggests that the *rise in unemployment during* 1980 and early 1981 was, to some extent, a policy choice and that the *underlying* (zero current balance) rate was still just over one million.

But during the following three years matters deteriorated very badly. Even though the current account stayed in surplus, the cost in terms of unemployment grew. This meant that when domestic demand revived and unemployment began to fall, the current account quickly went into deficit. Between 1981 and 1984 (see *right-hand line in figure 1*), the level of unemployment consistent with current account balance rose to just under 3m.

There is no evidence that the present recovery is upsetting this pattern. A sustainable recovery would imply movement in a north-westerly direction, off the regression line using 1984-88 data. So far the movement has been south-westerly. It could be argued that a deteriorating external balance is no longer a cause for concern since British residents now own substantial foreign assets and foreigners appear *willing to invest in the UK.* Evidence for this may be sought in the relative strength of sterling, even in the face of poor current account performance.

The asset position, which resulted from the policy choice to translate oil exports into current account surpluses rather than into an expansion of the domestic economy in the early 1980s, has given room for manoeuvre on the external account. There has certainly also been an important but unquantifiable "Thatcher" confidence effect at work.

To estimate the magnitude of the confidence effect, just imagine what would have happened had Labour won the last *election and implemented* a programme of infrastructure investment and special employment creation. If these measures had led to the same rise in consumption and the same collapse in the current account, sterling would be much weaker today and financial markets far less sanguine.

The fact remains, however, that the current account will, eventually, assert itself. If the underlying competitive position of the economy does not soon improve – in other words if there is no movement in a north-westerly direction in figure 1 – the authorities will be *forced to consider moving back* towards the north east. The Government can certainly reduce the current account deficit by accepting more unemployment, but it is unclear what it can do to improve the terms of this trade-off.

Policy changes which exploit a *short* run trade-off between internal and external balance are well understood. But structural shifts in the trade-off itself are more puzzling. What has caused the long-run deterioration in the terms of the trade-off between unemployment and current account balance? In terms of diagram 1, why have the regression lines shifted towards the right? There have been two or perhaps *three structural shifts of* importance: the first in the late 1960s and early 1970s; the second during 1973 and 1974; the third between 1980 and 1984.

Of these the second is easiest to understand since it was an obvious consequence of the oil shock. Comparing the other two, it is clear that what happened in the early 1980s – an increase in the underlying unemployment rate of 1.8m – was several times more serious than the corresponding increase of 370,000 between 1966 and 1972.

But despite the difference in scale, the same mechanism *was at work. In both periods* the output and capacity of manufacturing industry declined (see figure 2). The collapse was dramatic in the early 1980s, but it is also possible to detect significant deterioration in the mid-1960s and again in the early 1970s.

A deterioration in the terms of the trade-off between current account balance and unemployment has thus occurred at times when investment in manufacturing has been insufficient to provide the production capacity needed in a fully employed economy. *Attempts* to run the economy too close to full employment without the necessary manufacturing capacity have inevitably led to a deteriorating trade balance in manufactures.

While other components of the current account – such as oil – can mask this effect for a period, they cannot provide a long-term respite.

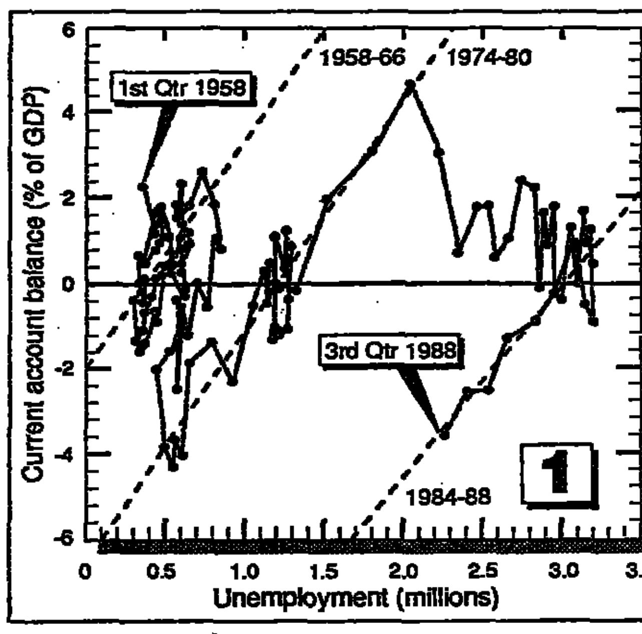
Those who insist on being optimistic can adopt one of two positions. They can dismiss the current account altogether as an indicator of performance or constraint on policy. Adherents of this view are quite happy to sail off in a south-westerly direction in figure 1 – and do not fear the consequences.

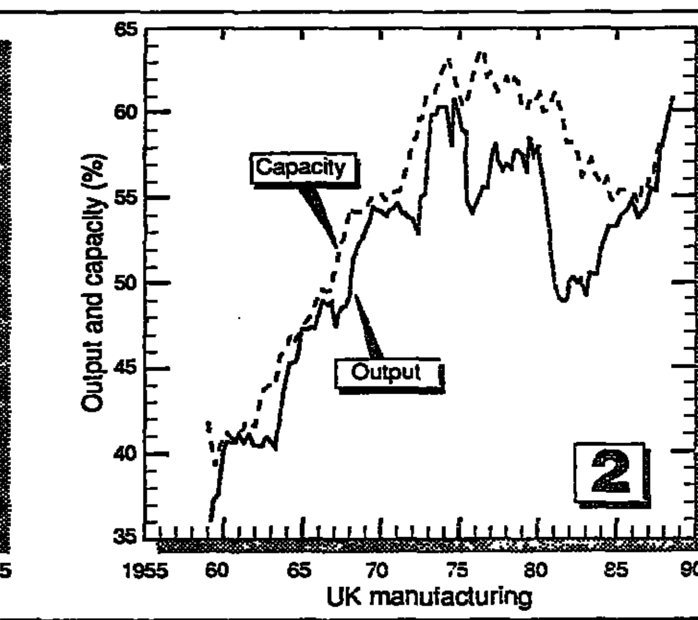
Optimists of the second type do acknowledge the existence of past and present trade-offs between domestic activity and *external balance, but they* believe the current recovery will lead to a more competitive economy. Just as the policy *choices of the early 1980s* led to the accelerated scrapping of equipment and a worsening trade-off between unemployment and current account balance, so the present boom will induce investment in new, efficient plant and shift the whole trade-off back to left in figure 1.

In principle, there is something in this. The problem is the scale of new investment *required to enable British* manufacturing to compete internationally and meet enough of domestic demand to allow the economy to be run at near full employment.

There is little evidence that such investment is forthcoming and none that other sectors can fill the gap. Unfortunately, the likely outcome is that long before domestic investment reaches the necessary levels, the authorities will find it necessary to do more to discourage the boom, thus disappointing optimists of both schools.

The author is a research fellow in economics at King's College, Cambridge.





LETTERS

Justice beyond price

From Mr Keith Wallace.

Sir, 80 per cent of the population of the UK cannot afford to bring a court case at the moment. These citizens are hardly going to be impressed by the Bar's criticism that Lord Mackay's proposed reforms may have an impact on the "quality" of justice. The important thing is that they should be able to pursue their case economically and at all.

It is nonsense for the Bar to insist that people may only use a Rolls-Royce for travelling around. If they want a bicycle or a Metro, why should they not have it?

Keith Wallace,
Weavers,
Capel, Surrey

Ambivalence rules 1992

From Mr Roland Freeman.

Sir, It is curious that the Chancellor of the Exchequer should now attempt to discredit moves towards economic and monetary union in the European Community. The Single European Act itself refers to the "progressive realisation of economic and monetary union" as an objective approved by the heads of state. As recently as June 1988 the Hanover meeting of heads of government (including Mrs Thatcher) stated: "The European Council recalls that in adopting the Single Act the member states confirmed the objective of progressive realisation of economic and monetary union."

Presumably all this was said on behalf of the British Government in good faith. We ought now to be playing a positive role in what may well be a slow and painstaking process towards fixed exchange rates, followed eventually by a common Euro-currency managed by a European central bank, preferably located in London.

The Chancellor himself admitted in his speech to the Royal Institute of International Affairs that the issue was "intensely difficult." All the more reason, surely, to solve the practical problems rather than trying to side-track them with empty rhetoric about a United States of Europe which, unlike monetary union, is certainly not on anyone's agenda.

Roland Freeman,
Gayfere House,
22-23 Gayfere Street, SW1

Monetarism examined

From Mr Avinash Persaud.

Sir, Mr Martin Wolf (Lombard, January 13) has joined in recent attempts to resuscitate monetarism by telling us that if "mainstream" economists had paid more attention to the path of monetary aggregates, they would not have so seriously underestimated inflation this year.

Broad monetary aggregates have indeed followed the path of inflation exceedingly well. The Government's *chief* monetary target in the early 1980s, M3, has accelerated from a 10.5 per cent growth rate in 1984 to 20 per cent this year.

However, incorrect theories can sometimes be right; the person who always insists it is 12 o'clock will be right twice a day. Over two decades, monetary aggregates have been very poor at predicting inflation.

In the 1970s average annual inflation was almost 13 per cent; in the 1980s it has fallen to just 7.5 per cent – the greatest, sustained, post-Second World War reduction in inflation. Yet monetary aggregates have accelerated. In the 1970s the average annual growth in M3 was 15 per cent; during this decade it has risen to 16.6 per cent.

The essence of monetarism is the belief that inflation is purely a monetary phenomenon, can only be cured by reducing monetary growth and is unrelated to changes in real output. This belief must surely be dead. The conquest of inflation in the 1980s was neither painless nor without sacrifice. While inflation fell, unemployment rose to its highest level since the war, from 6 per cent in 1980 to 13 per cent in 1984.

Failure of mainstream economists to predict today's inflation is more because of surprise strength in the real economy. Monetary aggregates are not the reliable signal that could take uncertainty out of forecasting inflation – more importantly, out of policy making.

A.D. Persaud,
134 Petersham Road,
Richmond, Surrey

Yoke of usury

From Mr George Thomas.

Sir, It is a good time to introduce an effective usury law.

If all goods offered for sale with credit had to have a cash option, and interest could never be in excess of 125 per cent of prime, would not merchants be less keen to push credit and more careful whom they lend to? Would not less credit generate the seed of the habit of some savings before spending next year's income?

"Nanny state," of course. But it might achieve the Chancellor's spending and saving objectives in the short term, and in the long term cut out some greedy practices.

George Thomas,
17 Campden Hill Square, W8.

Nuclear-powered praise

From Mr J.T. Elston.

Sir, David Fishlock's story (January 25) on the "impressive record" of the Torness advanced gas-cooled reactor (AGR) belittles the operating performance of our own Heysham 2 in a way that cannot go unchallenged.

Far from saying little about the station, we announced just before Christmas that the *second unit at Heysham 2 had* claimed a world record of just 44 days for the fastest run-up from first power to full power for a modern western commercial reactor – and if that was not impressive enough, it took only 174 days for the whole station to be taken from first power on *unit 1 to full design* output on both units.

Heysham's two reactors are now sending out a total of more than 1,200 MW – enough electricity for a million people. The station's output to date, of 2.8bn kilowatt hours, far exceeds that of Torness; by the end of the financial year that figure will have reached 4bn.

This is a great achievement and a testimony to the dedication and skills of our staff. It is a record of which the whole UK nuclear industry can be justifiably proud. It now means that Heysham 2 has the largest output from any UK nuclear power station.

J.T. Elston,
Central Electricity Generating Board,
Generation Development and Construction Division,
Barnett Way,
Barnwood, Gloucester

IT as a fundamental skill

From Mr Alan Benjamin.

Sir, Alan Cane's Business Column (January 23) touches on, but does not quite explore, the real issue of Information Technology (IT) skill shortages.

The research he quotes about the poor usability of delivered software in US Federal Government projects seems to lay blame on the software producer.

This may be a dangerous conclusion because software usability is as much the user's creation as it is the supplier's creation.

The partnership created between a user and supplier is a complex relationship and both need good inter-personal skills to ensure mutual understanding – a subject hard to find in the curricula of IT training.

My real concern however is the thought proffered by Mr Cane that the solution to skill *shortages* (and thereby the danger to our competitiveness) may never arrive.

I agree with him that training – while vital – will not be the answer.

I also agree that a transition period of perhaps a generation can be materially helped by a highly trained élite with suitable technologies and indeed the software industry represents this or will do so.

My worry is that IT should be regarded as an expertise and therefore consigned forever to specialists. I hope this is wrong.

I hope that our education system will inculcate IT as a prime learning tool like reading and writing and that in due course we do not have 51 per centers but instead *100 per centers.*

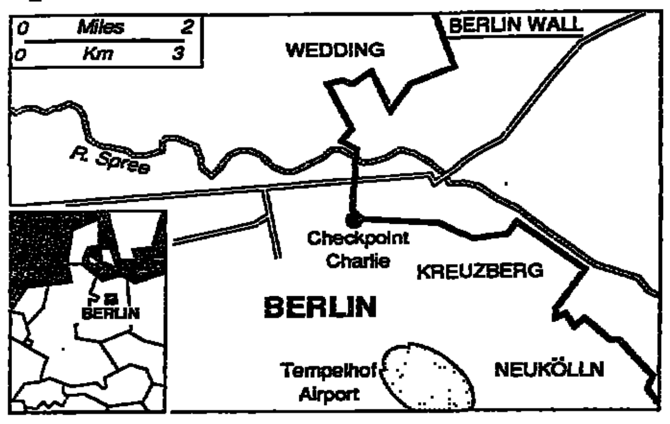
A generation growing up with this fundamental skill *would then be free to use it to* compose poetry if they so wished.

Alan Benjamin,
Sema Group plc,
22 Long Acre, WC2

FINANCIAL TIMES
Wednesday February 1 1989

West Germany's cause for alarm

David Goodhart reports from Bonn and **Leslie Colitt** from Berlin



THE FAR RIGHT in West Germany is politically insignificant but has an awesome power to cause alarm both inside and outside the country. The unexpected success of the West German Republican Party in the West Berlin state election – where it polled 7.5 per cent of the vote gaining seats both in the city legislature and the federal parliament in Bonn – has thus once more focused attention on these fringes of German politics.

Jolted by the possibility of a similar right-wing protest vote elsewhere in West Germany, Chancellor Helmut Kohl yesterday conferred with the other coalition partners, the heads of the Bavarian CSU and the liberal Free Democrats (FDP).

The peculiarities of Berlin make it unwise to assume that Republican success will be repeated elsewhere. However, some political analysts believe that the Republicans' entry into the limelight may be disturbingly good timing and it is especially alarming to see far-right support surging outside its homeland in the south of Germany.

The poor image of the coalition Government and the continuing failure of the Social Democrats to look like a winning opposition has left a larger than usual number of floating and protesting voters.

Mr Franz Schönhuber, the Republican leader and former Bavarian TV journalist, denies that his is a radical right party. He claims he has stuck to the conservative mainstream as the bigger conservative parties have drifted leftwards.

Nevertheless the former Waffen-SS officer espouses a new, guilt-free patriotism and much of his support comes from those who dislike Berlin's large population of foreign workers.

Significantly, the right-wing extremists gained the highest percentage of the vote in the working-class district of Wedding. The area has many immigrants, though not necessarily Turks. The Republicans polled 9.9 per cent in Wedding, while the adjacent Kreuzberg district where most of the city's 140,000 Turkish citizens live gave them 7.1 per cent. The leafy, middle-class suburb of Zehlendorf produced only 4.3 per cent for the Republicans.

Not surprisingly, the main topics on the agenda of yesterday's top-level meetings chaired by Chancellor Kohl were the laws pertaining to asylum seekers and other foreigners in West Germany as well as the flood of ethnic Germans arriving from the East. Agreement was said to have been reached on taking political initiatives in these areas. The CSU, in particular, had long urged tightening up the laws on asylum seekers and sending back Poles who were unable to prove they were ethnic Germans.

Before his death last year, Mr Franz Josef Strauss, the former leader of the Bavarian Christian Social Union (CSU), is said to have bound a lot of potential far-right voters to the big Christian parties.

It was in Bavaria, Mr Strauss's heartland, and in Baden-Württemburg – that the extreme-right National Democratic Party (NPD) caused a wave of anxiety in the late 1960s when it began to attract double-figure percentages of the popular vote in local elections. It never made much headway nationally and fell back into obscurity in the 1970s just as the Deutsche Reichs Party – which actually held a few seats in the 1949 Bundestag – had done so in the 1950s.

In 1971 Mr Gerhard Frey, a Munich publisher, decided the NPD was going soft and formed his own even more right-wing Deutsche Volksunion (DVU) which recently spent more than $1.75m sending its controversial election material to every household in Germany.

The NPD and DVU now often co-operate and the NPD is, for example, supporting the DVU slate in the European Parliament elections in June. Both parties are often described as neo-Nazi which is, at least technically, incorrect, as all Nazi and neo-Nazi parties are banned, as is public display of the swastika and the Hitler salute.

(The best known of the once avowedly neo-Nazi parties is the Free Workers Party run by Mr Michael Kühnen. It has recently made it itself presentable enough to stand for election and will be standing in the next communal elections in Hesse).

The Republican Party is often linked with the NPD and DVU but is usually considered considerably less extreme. The general secretary of the party, Mr Harald Neubauer, is a former NPD member and associate of Mr Frey. However, most party officials, including Mr Schönhuber, are former CSU members who became disillusioned with the party after Mr Strauss supported a mellower line towards East Germany and formed the new party in November 1983.

The Republicans currently claim about 7,000 members – the DVU claims 12,000 – and before their triumph in Berlin had won only 3.4 per cent in one Bavarian state election and were widely seen as a purely Bavarian phenomenon. Mr Schönhuber is now talking about a 10 per cent poll in the national elections for the European Parliament in June.

The far right vote will, however, be split in those elections between the Republicans and the DVU/NPD and it remains unlikely that any of them will pass the 5 per cent line necessary for a place in the Parliament.

Most of the parties have the same themes, but propagate them in different ways: hostility to asylum seekers and foreign workers, opposition to the EC and the American "occupation" of Germany, support for ecological issues, reunification and old-fashioned values, and, above all, the desire for a confident, unhesitating patriotism.

Editorial Comment and Observer, Page 18

Berlin refugees fuel support for far right

IRONICALLY, the influx into West Berlin last year of nearly 10,000 ethnic Germans from Poland helped produce the backlash which gave the ultra-nationalistic Republicans a wholly unexpected 7.5 per cent of the votes in last Sunday's city election.

It is ironic because Mr Helmut Kohl, the West German Chancellor, constantly appealed to Poland to allow its German minority to emigrate.

When the Germans from the East finally began coming in large numbers to West Berlin in 1987, the city was wholly unprepared for them. Housing in particular was in critically short supply although the Christian Democrat (CDU) city Government insisted that West Berliners were well provided with apartments.

The ethnic Germans were put up for long periods in barrack-like housing at the Marienfelde reception camp and emergency quarters throughout the city. But rumours circulated that the city was giving the *Aussiedler* – the evacuees – preference in obtaining lower-rental flats which caused outrage among native Berliners who waited for years to get affordable housing.

Mr Eberhard Diepgen, the governing mayor, still glossed over the acute housing shortage as late as last month by noting that it was a "by-product" of the growing attractiveness of West Berlin.

What made things even worse was the inescapable fact that many if not most of the ethnic Germans from Poland spoke only broken German or none at all. To prove to the West Berlin authorities that they were of German extraction they had to produce written proof. Often this was the *Wehrmacht* pass of a grandfather who had served in the German Army in the First World War.

Frequently, however, the grandchildren spoke little or no German as this was discouraged in Poland after 1945.

Thus, to a good many Berliners the ethnic Germans who spoke Polish to each other were simply more foreigners descending on them. The considerable number of Poles who could not prove their German roots were also allowed to remain in West Berlin.

The city was already populated by an estimated 15,000 Poles who had come in recent years in search of work. Many of them, however, ended up living from the city's social welfare which further angered Berliners, especially the unemployed who make up 11 per cent of the population. There have been spates of vandalism of Polish cars.

While most asylum seekers from the Third World were barred from entering West Berlin in 1987, the continued presence of thousands of young Sri Lankans, Lebanese and Africans in the city who were awaiting a decision on their applications for political asylum agitated a good many West Berliners.

Although prevented by law from working, many regard them as shirkers who lived off public welfare.

Professor Hartmut Jäckel of West Berlin's Free University noted that while no right wing party had previously made such a sensational initial gain in West Germany, the future success of the Republicans was by no means a certainty. He recalled that the National Democratic Party of Germany (NPD) which won seats in seven state parliaments in the 1960s, failed to gain entry into the Bundestag in the 1969 election and then collapsed entirely in the regions.

Bhutto in power struggle on Afghan policy

By Our Foreign Staff

A POWER struggle is developing between the Pakistan Government of Ms Benazir Bhutto and the country's military intelligence, with strategy over the future of Afghanistan playing a key role.

Before Ms Bhutto took office in December she reached an understanding with the army that she would not propose any changes to its structure for at least one year. However, this agreement did not extend to the Inter-Services Intelligence Directorate – military intelligence commonly known as ISI – which is headed by General Hamid Gul. ISI gained an unsavoury reputation under the dictatorship of President Zia ul-Haq for independent operations which were often neither sanctioned by nor accountable to the President or his Cabinet.

Gen Gul is a career soldier and committed Islamicist who was thrust into the limelight in 1987 when he took over from General Akhtar Rehman as ISI director-general. From then Gen Gul formed part of the Afghan cell, along with President Zia and Gen Rehman.

He was an important supporter of President Zia's unsuccessful arguments that Pakistan should not sign the UN accords securing the Soviet withdrawal from Afghanistan because the Mujahideen were in a strong position and would win anyway.

Ms Bhutto, while cautiously respectful towards the military, dislikes ISI intensely, not least because it was responsible for putting her and her mother under prolonged house arrest during the Zia years.

Her Government has started a review of intelligence services with a view to removing Gen Gul, neutralising his organisation and transferring much of its authority to the Intelligence Bureau (IB) which is now staffed by many former friends and supporters of Ms Bhutto's father, Mr Zulfikar Ali Bhutto. He was Prime Minister until his overthrow in 1977 by Gen Zia.

Gen Gul now seems certain to lose power unless he can secure the full backing of the army. One way his supporters have identified of doing that is to revive a fading army objective: a military victory in Kabul by the Afghan Mujahideen together with the installation of Gulbudin Hekmatyar, the Pakistan army's favourite Mujahideen leader, as head of government. Mr Hekmatyar, an Islamic extremist, has been weakened since the US switched its support away from him and since his mentor, President Zia, was killed in August.

This explains an extraordinary about-face by Gen Gul and the ISI towards the key Mujahideen commanders in the Kabul area, Mr Abdul Haq in the south and west, and Mr Ahmed Shah Massoud in the north. They are rivals but both are strongly opposed to Mr Hekmatyar. However, both also have extensive intelligence networks within Kabul which Gen Gul would need if his favoured group were ultimately to win control after a military victory; his hostility has therefore turned to a courtship of Mr Massoud and Mr Haq.

The ISI plan suggests that once most of the Soviet troops have left Kabul a large segment of the Afghan army has already been lined up to defect and will assist Mr Haq's men to take rapid control of the capital in what would amount to a partial coup. Mr Massoud and, covertly, the ISI would then attempt to take over from Mr Haq.

Mr Massoud is a Tajik, who make up about a qaurter of Afghanistan's population, and therefore has no chance whatever of ever being an acceptable leader to the Pushtuns, by far the largest ethnic group. The way would be clear, therefore, for Mr Hekmatyar to seize control.

That is the theory. It is not implausible and much of it bears out the worst fears of some Western governments about what could happen if the ISI intervened in the Afghan political vacuum.

It is not clear that Mr Abdul Haq and Mr Ahmed Shah Massoud, who have years of experience of keeping one jump ahead, would be easily tricked by Pakistan military intelligence. But Mr Haq is short of weapons, ISI having manouevred to ensure that no-one but itself gave his group of supporters any aid, military or humanitarian (although the French are thought now to have agreed recently to supply him).

THE LEX COLUMN

London survives another day

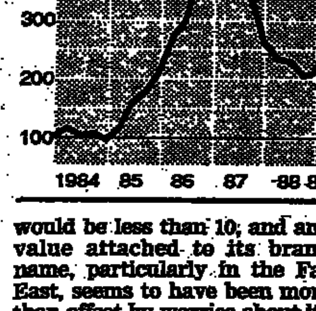
It has to be conceded that London's new year rally has a certain tenacity about it. Yesterday's rise of only 9 points on the FT-SE may have looked unimpressive, but it represented a defence of the 2050 level in the face of considerable weakness on Wall Street. Although volume still looks abnormally high, it may be that the market is starting to consolidate, in which case it is time to look again at thefundamentals.

The general expectation still is for earnings growth this year of 10 per cent or a little less. In the context of likely year-end inflation of 6 per cent or so, this suggests real growth approximately in line with GNP, compared with a real figure of some 9 per cent in 1988 and nearly double that the year before. The market p/e, meanwhile, is around 10.5 for the current year, and around 11.3 for 1988 – around the long-run average, though that ranges from a ludicrous high of 19 just before the crash to a low of 7 in 1980.

The latter is a useful reminder of possible danger. The market's long-run assumption, for want of a better, is that earnings and dividends will grow in line with real GNP. Since 1982 they have grown very much faster, after lagging badly in the late 1970s. For a couple of years now, analysts have been premature in forecasting their return to the norm. That could happen again this time: but it is thought-provoking to consider how little it would take, at this stage in the cycle, to produce a return to underperformance.

Mountleigh

Share price relative to the FT-A Property Index



GT Management

Fund managers love to play the takeover game but when it comes to their own business it is sad to see that the friendly takeover bid is de rigeur. Yesterday, GT Management - one of the last of a fast disappearing breed of independent UK fund managers - agreed to be bought out at a measly 2.9 per cent premium to its suspension price of 175p. Admittedly an exit multiple of 23 times earnings does not look particularly cheap, and a price equivalent to around 3 per cent of the £3.3bn of funds under management is roughly midway between the 6 per cent paid for unit trust money and the 1½ per cent for wholesale funds.

However, if GT was earning the sort of profits it made in 1986 and 1987, its exit multiple would be less than 10; and any value attached to its brand name, particularly in the Far East, seems to have been more than offset by worries about its heavy cost structure. Meanwhile, it is hard to see what Bank in Liechtenstein adds to the equation apart from money and the promise of a quiet life for GT's managers. GT's departure leaves Henderson Administration as the last big takeover candidate in the sector, but given its friends in high places it would never get embroiled in anything as unsightly as a contested takeover bid.

Deutsche Bank

Unless Deutsche Bank thinks the German stock market is in for a rough patch, its decision to have a smallish rights issue looks odd. The bank is asking for money at a time when its shares are 10 per cent down on their recent peak and the market is thoroughly edgy about interest rates. It is not as though it is in any urgent need of fresh equity, as all the key ratios are comfortable for the time being even by its own ultra conservative standards.

The longer term is another matter altogther. Deutsche Bank will require even more equity than its peers if it seriously wants to rule supreme all over Europe, but in that case, the proposed issue of DM 1bn-odd is not going to get it far. Between a third and half of it will go immediately inhelping Daimler to pay for MBB; and once it has set some petty cash aside for its latest venture into insurance it will have little over.

If Deutsche is bearish about the market, it has a point. West Germany has had none of the rally of London or New York over the past fortnight – in fact the shares of most of its big companies are down by 10 per cent – but equities have nevertheless held up well by comparison to bonds. The equity risk premium is less than a third its usual size: with an earnings yield just 50 basis points higher than the yield on bonds, either the latter will fall – which does not seem likely given all the weakness of the DM and the strength of inflationary fears – or the price of equities must fall.

MB/Carnaud

A lot of people, it seems, are out to stop the MB/Carnaud deal. Aside from the curious intervention yesterday of a posse of ex-Metal Box directors, Mr Elliott may have seriously complicated matters with his suggestion of a £780m cash offer for MB's packaging business. This is some £50m less than the implied value of the existing deal, but Carnaud is offering only £240m in cash, and the rest in shares. On the other hand, nothing is yet clear about the financial or industrial structure which Mr Elliott has in mind. It is not obvious why a brewer should want to make his own beer cans, although S.A. Brewing, a fellow-Australian brewer with which Elders has co-operated in the past, branched out into packaging three years ago. It may be that Mr Elliott is playing for time; but to what end, there is no saying.

Mountleigh

Mountleigh appears to have changed its spots, and if it has not, then its days as an independent company are probably numbered. Given that its property trading revenues more than quadrupled in the first six months to £450m whilst its profits fell by almost a third, it is no great surprise that it is getting out of property trading and into the development and investment game. At this stage in the property cycle, it had little choice. However, putting a value on the company is as difficult as ever. Its Spanish retailing business – a third of group assets - has turned around almost too quickly for comfort and there must also be questions about Mountleigh's ability to execute successfully a £1bn plus development programme. If the group's net asset value really is around £2.40 per share, then the shares are not expensive. But for the moment the jury remains out.

Britain plans major shake-up of health service

Continued from Page 1

their own budgets. Doctors will then be able to choose a range of hospital services on behalf of their patients. This is likely to prove one of the most controversial elements of the plans.

Critics fear that if family doctors must remain within budgets, patients with expensive health care needs – like the elderly and the chronically sick – will find doctors refusing to take them on their lists.

The draft law is the culmination of a review of health care announced by Mrs Margaret Thatcher, the Prime Minister, a year ago when Britain's hospitals were subject to widespread claims of underfunding.

Mr Clarke is said to believe that extra funds for the following two years will be essential to defuse Labour charges that the Government is intent on dismantling the NHS and is preparing to ask the Treasury for a further tranche of funds.

Italy faces drought emergency

By John Wyles in Rome

THE WEATHER often makes news in Italy, but in winter it is rarely a story of forest fires, water shortages, undernourished crops and totally snow-starved skiing slopes.

For more than two months the country has suffered under clear blue skies, and, despite a couple of thoroughly drenching days the weekend before last, the prospect of a severe drought emergency is looming over the centre and south of the peninsula.

The economic threat is a serious one for a country which imports about L12,000bn ($8.8bn) of food a year. "If there is no substantial rainfall in February, then the planting of industrial food crops such as tomatoes, soya, tobacco and sunflowers will be virtually impossible because the ground is so hard. So the food manufacturers will have to import, the trade deficit will get worse and so will inflation because prices will inevitably rise," was the alarming prognostication offered yesterday by Confagricoltura, which represents larger Italian farmers.

Italy's meteorological office blames the drought on an anti-cyclone which moved up from the Azores and planted itself firmly overhead on December 2. The steady effect has been to block the entry into the Mediterranean of wet winds blowing in from the Atlantic.

The result is not just a parched landscape from the Po Valley southwards, but many of the hazards usually associated with a hot, dry summer.

Last weekend's air pollution scare in Milan is one, since there has been neither wind nor rain to wash away car and industrial emissions. Winter in the northern capital got off to a dusty start in November with just 0.2mm of rain against a monthly average of 116, December yielded 41mm against an average of 65mm, but January has released just 2.4mm when the average is 71mm.

Rome has also fallen disastrously short of its normal rain ration, receiving only 2.4mm out of a January norm of 71mm. Aquaducts everywhere are extraordinarily low: two of those which serve Genoa are filled less than 30 per cent to capacity and the city fathers have prepared a water rationing plan.

The situation in parts of the south is even more parlous, particularly in naturally dry Calabria, Sicily and Sardinia where water management policies have long been at best rudimentary.

Meanwhile, "the north is burning" as one newspaper rather exaggeratedly described the none the less extensive rash of forest fires which have been troubling Liguria, Tuscany and Friuli. Two pilots occupied in dousing the flames near Savona sadly died when their aircraft crashed.

Hoteliers on the snowless Alpine ski slopes are stridently calling for government compensation for the billions of lire lost through cancellations. Farmers will soon be queueing up for a share of the L500bn allocated annually for natural disasters. The Government, this time blameless as a cause of the problem, is meanwhile praying for rain.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	[illegible]	[illegible]	[illegible]	Dubrovnik	[illegible]	[illegible]	[illegible]	Malta	[illegible]	[illegible]	[illegible]	Rhodes	[illegible]	[illegible]	[illegible]
Algiers	[illegible]	[illegible]	[illegible]	Edinburgh	[illegible]	[illegible]	[illegible]	Manchester	[illegible]	[illegible]	[illegible]	Rio de J'o	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	Faro	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]	Riyadh	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Florence	[illegible]	[illegible]	[illegible]	Mexico City	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	[illegible]	[illegible]	Miami	[illegible]	[illegible]	[illegible]	San Francisco	[illegible]	[illegible]	[illegible]
Barbados	[illegible]	[illegible]	[illegible]	Funchal	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]	Seoul	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Geneva	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]	Gibraltar	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Guernsey	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	H. Kong	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	Innsbruck	[illegible]	[illegible]	[illegible]	Nassau	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]
Birmingham	[illegible]	[illegible]	[illegible]	Inverness	[illegible]	[illegible]	[illegible]	New Delhi	[illegible]	[illegible]	[illegible]	Tenerife	[illegible]	[illegible]	[illegible]
Bombay	[illegible]	[illegible]	[illegible]	I.o.Man	[illegible]	[illegible]	[illegible]	New York	[illegible]	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
Bordeaux	[illegible]	[illegible]	[illegible]	Istanbul	[illegible]	[illegible]	[illegible]	Nice	[illegible]	[illegible]	[illegible]	Toronto	[illegible]	[illegible]	[illegible]
Boulogne	[illegible]	[illegible]	[illegible]	Jersey	[illegible]	[illegible]	[illegible]	Nicosia	[illegible]	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	Jo'burg	[illegible]	[illegible]	[illegible]	Oporto	[illegible]	[illegible]	[illegible]	Valencia	[illegible]	[illegible]	[illegible]
Budapest	[illegible]	[illegible]	[illegible]	L. Palmas	[illegible]	[illegible]	[illegible]	Oslo	[illegible]	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
B. Aires	[illegible]	[illegible]	[illegible]	Lisbon	[illegible]	[illegible]	[illegible]	Paris	[illegible]	[illegible]	[illegible]	Vienna	[illegible]	[illegible]	[illegible]
Cairo	[illegible]	[illegible]	[illegible]	Locarno	[illegible]	[illegible]	[illegible]	Perth	[illegible]	[illegible]	[illegible]	Warsaw	[illegible]	[illegible]	[illegible]
Cape Town	[illegible]	[illegible]	[illegible]	London	[illegible]	[illegible]	[illegible]	Prague	[illegible]	[illegible]	[illegible]	Washington	[illegible]	[illegible]	[illegible]
Caracas	[illegible]	[illegible]	[illegible]	Los Angeles	[illegible]	[illegible]	[illegible]	Reykjavik	[illegible]	[illegible]	[illegible]	Wellington	[illegible]	[illegible]	[illegible]
Casablanca	[illegible]	[illegible]	[illegible]	Luxembourg	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]	Zurich	[illegible]	[illegible]	[illegible]
Chicago	[illegible]	[illegible]	[illegible]	Luxor	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Cologne	[illegible]	[illegible]	[illegible]	Madrid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Copenhagen	[illegible]	[illegible]	[illegible]	Majorca	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Dallas	[illegible]	[illegible]	[illegible]	Malaga	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

De Beers referral inquiry

Continued from Page 1

and consumers we would not be here. We act as a stabilising influence between supply and demand."

De Beers produces only about a third of the world's diamonds but has persuaded most of the other producers – including the Soviet Union – to sell their stones through the CSO.

The CSO employs 1,300 people in London. More than half are employed to sort diamonds into more than 5,000 different varieties.

Apart from buying and marketing rough diamonds, the CSO maintains financial resources to stockpile rough diamond supplies when required and advertises and promotes jewellery sales of polished diamonds and sales of industrial diamonds.

The CSO has operated more or less in its present form for more than 50 years during which time diamond prices have never been reduced.

Its sales reached $4.172bn last year, 36 per cent ahead of the previous record of $3.075bn in 1987.

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday February 1 1989

INSIDE

Dutch faced with takeover riddle

There is something of a conundrum facing shareholders in Medicopharma, the Dutch generic-drugs group. They are being asked to decide between two contrasting views of a deal with Hagemeyer, the Dutch trading group. In as much as Medicopharma's shares would cease to exist the company would seem to be being taken over. The two groups, however, prefer not to see it that way, reports Andrew Baxter. As Mr Suardus Fontein, Medicopharma's chief executive puts it: the deal is "more like a country doctor leaving his practice to go out into the wide world with a beautiful lass." Page 22

Go-ahead for BP buy-back

British Petroleum yesterday gained shareholders' approval for its £2.4bn scheme to buy back over half of the 21.6 per cent stake in the company held by the Kuwait Investment Office. Simultaneously, the group launched its new corporate logo – a modest reworking of its well-known green shield – after £1m of research. Page 28

BMW sales go into overdrive

Sales of BMW, the West German car and motorcycle manufacturer, have grown faster than at any time since the mid-1970s. Helped by the success of the company's up-market 5- and 7-series models and by continued buoyancy in its main European markets, demand outstripped production capacity by a wide margin last year and group turnover jumped 26 per cent to DM24.5bn ($13.2bn). Page 22

All good news in Amsterdam

Trading in Dutch chemicals group DSM starts next Monday, but the bourse's largest-ever privatisation has already helped spark a positive reaction in Dutch equities. Strong corporate earnings, low inflation and healthy consumer demand are also behind a buoyant bourse, about which few analysts have anything bad to say, writes Laura Raun. Page 44

Moving to a nickel defence

The Philippines' Government had to look on enviously last year as nickel prices rocketed and energy costs fell. Unfortunately the country's Nonoc nickel complex closed in 1986, after years of neglect and low world prices had made the operation unprofitable. Tomorrow the Government holds a second tender for the complex and operating rights. But some experts believe the cost of reactivating the operation may prove too high. Page 26

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Kaufhof	422.5	+	5
Falls			
Degussa	430	−	14
Karstadt	433.5	−	11.5
Lufthansa	164	−	5
Mannesmann	210.5	−	4.5
[illegible]	254	−	6
NEW YORK ($)			
Rises			
Amer. [illegible]	65⅛	+	2⅜
Houghton Mifl	45⅞	+	8⅝
T Rowe Price	38½	+	2
Texaco	51⅞	+	½
Falls			
Control Data	20⅛	−	⅛
USX	33⅞	−	½

PARIS (FFr)			
Rises			
Alsthom	502	+	22
Sagem	1620	+	58
Spie-Batignolles	512	+	34
UIF	544	+	19
Falls			
Euromarche	2695	−	102
Rhone CP	563	−	26
TOKYO (Yen)			
Rises			
Jujiya	1340	+	200
Mitsuboshi Belt	1670	+	200
Maruetsu	2100	+	230
Falls			
Aichi Electric	3250	−	250
Tokyo Rubia	1050	−	70
Tokyo Seisakusho	1070	−	70

LONDON (Pence)			
Rises			
Bats	821	+	5
Body Shop	353	+	8
British Gas	184½	+	5
Cambrian & Gen	120	+	5
GT Management	181	+	5
Gen Accident	958	+	16
Glaxo	1204	+	10
GUS A	1381	+	11
Guinness	393	+	9
Hazlewood	245	+	9
Magnet	284	+	12
Stags	270	+	20
Vaux	823	+	40
Willis Faber	251	+	6
Falls			
Cadbury Oil	201	−	12
Rosehaugh	542	−	18
[illegible]	305	−	5

Bank in £91m bid for GT Management

By **Nikki Tait** in London and **John Wicks** in Zurich

BANK IN Liechtenstein, the Vaduz-based bank controlled by the Liechtenstein royal family, yesterday announced a recommended £91.5m cash bid for GT Management, the London-based financial services group.

The deal brings together the largest bank in Liechtenstein, whose non-consolidated assets were put at around SFr5.5bn ($3.5bn) at the end of 1988, and a City-based fund management group taking in unit trusts and mutual funds, as well as investment management for pension funds, corporate and private clients. Funds under management at GT are put at about £3.3bn.

Yesterday, the Liechtenstein bank said it viewed the acquisition as a "textbook match." It is particularly interested in GT's strong position in investment services for institutional clients, as well as its presence in the Far East and its overall research abilities. GT calculates that around 70 per cent of its funds are institutional, with unit trusts accounting for 11 per cent.

For GT, chief executive Mr David Fitzwilliam-Lay said that he had viewed the bank as "a super merger candidate – very complementary from both a product and geographical viewpoint." He said that he expected GT to remain an independent profit centre within the bank, and to operate "very much as at present."

GT would be the second significant UK fund management group to be taken over recently by a European buyer. Last year Thornton & Co linked up with West Germany's Dresdner Bank. Bid speculation has hung over GT for some time, and yesterday Mr Fitzwilliam-Lay conceded that interest had been shown by a number of groups. Discussions began with the bank about two months ago.

GT, which was formed in 1969, came to the stock market in 1986, valued at £101.5m. However, like many fund management companies, it has suffered from the downturn in world markets. Pre-tax profits in the six months to the end of September were just £2.7m and analysts expect a full-year total of around £5.5m. In 1987/8, the figure was £13.77m. It has also seen a number of senior management changes.

Bank in Liechtenstein, believed to have some SFr14bn to SFr15bn worth of funds under management, sees itself principally as an international financial services company, with a private-bank character. Its specialties lie more in the private-client sector.

It also acts as a universal and custodian bank and in such fields as securities and foreign-exchange trading. In 1988, unaudited profits after tax were SFr41.4m.

The terms of the bank's offer are 180p per share, with a loan note alternative. In addition, shareholders will be entitled to swap all or part of their loan notes into bearer participating certificates in the bank. The terms of the swap are 10 BPCs for every £2.773 nominal of loan notes. This paper alternative is calculated to value each GT share at around 195p.

GT shares returned from their suspension price of 178p to close at 181p last night.

The BPCs do not carry voting rights and are unlikely to be quoted in London. They do, however, have similar financial rights to profit participation as the voting bearer shares – 99.7 per cent of which are held by The Prince of Liechtenstein Foundation.

The bidder starts by owning or having irrevocable undertakings to accept in respect of 15.8m GT shares, or 31.04 per cent of the equity. Further support is indicated from another 2.33m shares to be issued on the exercise of options.

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Deutsche Bank rights issue seeks to raise DM1.28bn

By **Haig Simonian** in Frankfurt

DEUTSCHE BANK, West Germany's biggest commercial bank, is to seek DM1.28bn ($689m) in new funds from its shareholders in a one-for-15 rights issue priced at DM450 a share. These are the same terms as its last rights issue in 1987.

The news knocked both the bank's share price and the German equity market in general yesterday. Deutsche Bank shares closed at DM524.90 in Frankfurt, down DM11.10, before falling to around DM521 to DM523 in after-hours trading, dealers said. Meanwhile, the DAX real-time index of leading German equities dropped sharply to 1,312.73 from 1,328.37 in reaction to the rights issue, the Berlin election result and interest rate fears.

The decision to raise new capital, which follows recent rights issues by Dresdner Bank and Bayerische Vereinsbank, was not entirely unexpected. German banks have been expanding their balance sheets and using the recent sharp rise in equity prices to raise new funds.

Deutsche Bank said its rights issue, which will raise shareholders' funds to DM12.2bn at group level, would be used to "keep pace with the bank's continuing growth and to secure room for manoeuvre for future commercial decisions."

While no specific acquisition targets have been mentioned, the bank has had a number of calls on its cash of late. Last October it paid out DM400m to rescue Klöckner & Co, the Duisburg-based trading house. Since then it has announced the creation of a new life insurance operation and also made a string of small foreign acquisitions, including a 50 per cent stake in Bain & Co, an Australian broker, and the outstanding 50 per cent stake in Albert de Bary, a Dutch trade finance house.

While further purchases have not been ruled out, especially in neighbouring European countries ahead of the planned free internal market in 1992, nothing immediate appears to be on the cards.

However, the bank will face another heavy payment when Daimler-Benz, in which it owns a 28 per cent stake, comes up with its widely-expected rights issue later this year.

Deutsche Bank said profits for last year, which will be revealed at the end of March, pointed to "a good result." Partial operating profits, which exclude gains from own account trading, at parent bank level rose almost 28 per cent to DM1.57bn.

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The name is the game at a Boston tea party

Honeywell Bull yesterday changed its identity and launched a $20m advertising campaign to enhance its US image. Alan Cane reports

DESIGNED well, built well, but farewell, Honeywell. One of the oldest names in the computer business slipped into oblivion yesterday as Honeywell Bull, the computer maker owned jointly by Groupe Bull of France, Honeywell of the US and NEC of Japan announced that henceforth it would be known as Bull HN Information Systems.

The move is part of an ambitious plan to establish Groupe Bull as a major competitor in the worldwide information systems market. It claims to be Europe's leading computer company but ranks only ninth in the world among information technology suppliers.

Its overall turnover – including Bull HN – of about $5bn (£2.86bn) a year is about a tenth that of the industry's leading company, International Business Machines.

Honeywell Bull was only established in March 1987 with Groupe Bull and Honeywell each holding 42.5 per cent stakes and NEC 15 per cent.

Yesterday's name change reflects Groupe Bull's increased role: last month, as permitted under the original deal, it raised its shareholding to 65.1 per cent through the acquisition of a 22.6 per cent stake from Honeywell.

The US company has gradually been pulling out of the computer industry to concentrate on its core business of industrial automation and control.

The Bull name is comparatively unknown outside France and an advertising campaign, costing an initial $20m, is about to start to try to create awareness of the name throughout the US.

"Know Bull" is the campaign's principal slogan, backed up by some of the most terrible puns ever inflicted on the computer industry's potential customers – "Capabull," for example, "Adaptabull," and so on.

It is the third major change for Honeywell Bull in less than six months. In August 1988, Mr Roland Pampel took over as president and chief executive officer.

An experienced computer industry professional, Mr Pampel had previously been chief executive at Apollo Computers, a seller of high-performance workstations.

In a second move later in the year, Honeywell Bull moved its headquarters from Minneapolis, Honeywell's home town, to Billerica, just outside Boston.

But it is the third change, the new name, which is the most significant. Mr Pampel says it "signifies the company's emergence as a distinct and identifiable worldwide competitor in information systems."

Why should the company feel a mere change of name to be so necessary and so significant? The answer lies at least in part in the web of business relationships in the modern computer industry.

Honeywell Bull came into being to take advantage of several inter-related factors:

● Honeywell had been keen for some years to reduce its presence in the computer industry.

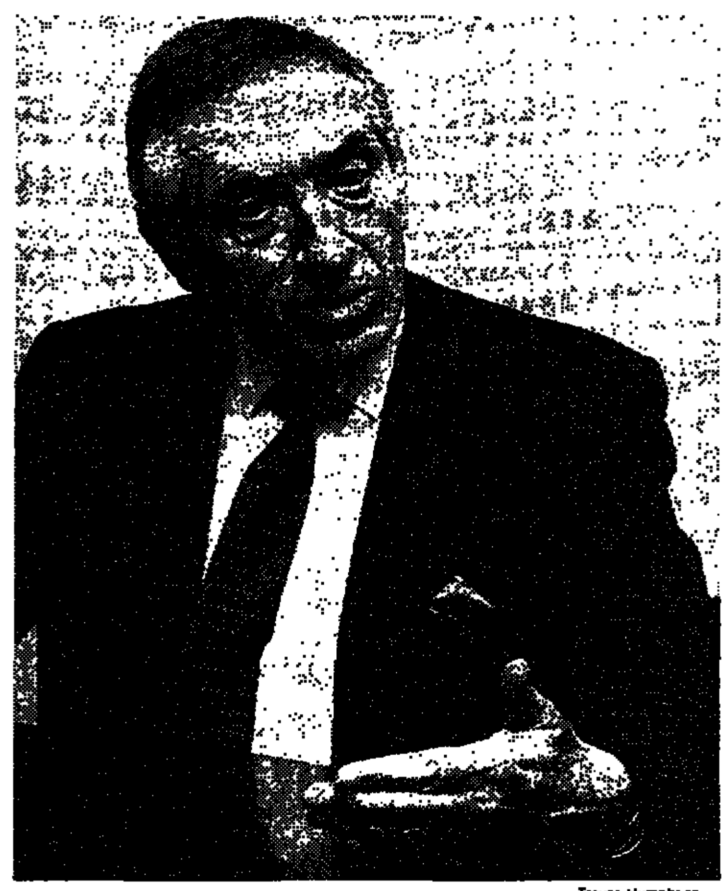
While its sales had grown steadily in the 1970s partly because of the acquisition of the computer businesses of the General Electric Company and Xerox Corporation, it had begun to fail in competition with the industry leader, IBM. By 1986, its share of the mainframe market was only 2.4 per cent and was scarcely profitable.

● Groupe Bull, having recovered from a series of poor financial results, was anxious to grow out of its role of French national champion to become a big league player.

● NEC was anxious to find marketing channels to Europe and the US through which to market its high-performance, mainframe computers.

The deal was helped by the fact that the three companies had a common technological pedigree which had its origins in designs Honeywell licensed to NEC in the early 1960s. Bull and NEC subsequently set up technology sharing agreements.

While Groupe Bull was always the dominant partner, the earliest arrangements for management involved much sharing of responsibilities.



Trevor Humphries

Jacques Stern, chairman of Groupe Bull: Keen to promote expansion in the fiercely competitive US computer market

Mr Jacques Stern, chairman of Groupe Bull, said recently: "NEC works by itself – it is a large and integrated company, a worldwide technology leader. Bull and Honeywell Bull can share in that technology. The three companies co-operate at board level in order to see how we can bring all our resources to make Honeywell Bull successful."

But as Mr Pampel said yesterday: "Our change of name recognises that a single partner, Groupe Bull, will provide the leadership for this partnership. This will result in faster and more cohesive decision making, greater concentration of available research and development and more efficient supply of systems and services to customers."

Groupe Bull now comprises two companies, each with its own management – Bull SA, basically the French company, and Bull HN, the old Honeywell Bull.

What are the chances of success for the new group? Groupe Bull itself is now profitable and intends to target the government sector, the financial services sector, manufacturing and retail as key niche areas, and there should be economies through shared research and development, a common product line and shared purchasing and marketing.

The newly-named group has a reasonable number of mainframe customers who are tied to it by proprietary technology, but it cannot hope for growth in this market.

Its best bet would seem to be medium-sized machines where it offers standard technology of the kind which has become very popular with customers.

Its challenges are clear. First, to establish the name Bull as a worldwide force in the industry. Second, to convince the market it has that something special to become more than an also-ran in the big computer league.

Business equipment shake-up will cost Xerox $275m

By **Roderick Oram** in New York

XEROX announced yesterday a shake-up of its business equipment operations, with the aim of improving profits which lag well behind those of the company's financial services division.

Under the restructuring Xerox will drop or scale back some product lines, cut 2,000 jobs and revamp product development, manufacturing and marketing worldwide. It took a $275m pre-tax charge in the fourth quarter for the changes.

"We are making fundamental changes in the way we do business," said Mr Paul Allaire, Xerox's president. "We are becoming a more market-driven company better to use and focus our technological strength as well as eliminate unnecessary overhead."

Including the charge, Xerox reported yesterday a fourth-quarter loss of $77m a share against net profits of $155m, or $1.43 a share, a year earlier. Revenues were $4.4bn against $4.1bn. Without the charge, net profits were $167m, or $1.57, for the latest three months.

Full-year net after the charge was $388m, or $3.50 a share. It was $632m, or $5.90, without the charge against $578m, or $5.35, a year earlier. Revenues were $16.4bn against $15.1bn.

Financial services including insurance were the best performers within the group, turning in net profits of $315m on revenues of $5bn for the year against $280m on $4.4bn a year earlier.

Business products including copiers, printers and other office equipment generated annual net profits before the restructuring charge of $317m against $298m a year earlier on revenues of $11.5bn against $10.7bn.

To revive the division's performance, Xerox is dropping out of medical equipment and scaling back electric typewriter production.

Fully $140m of the pre-tax charge is for closing plants or cutting production capacity and for writing-down inventories.

Xerox forecasts the changes will save $100m to $120m pre-tax a year, thus paying for themselves within two years.

Units involved in product development will be realigned along market segment lines such as copiers, printing and document systems.

The new head of development and manufacturing is Mr William Lowe who joined Xerox in December after making his reputation heading International Business Machine's personal computer business.

Worldwide sales and marketing will likewise be oriented more closely to market segments with a focus on special applications in, for example, insurance, aerospace and pharmaceutical industries. The sales effort will integrate channels such as direct sales, dealerships and third party sales that had been largely separate.

Goldberg increases Tootal stake

By **Ray Bashford** in London

MR ABRAHAM Goldberg, the Australian textile manufacturer, has raised his stake in Tootal three days after the UK textiles company firmly rejected his plan for a merger.

The holding has been increased from 14.4 per cent to 17.2 per cent following the purchase of 8m shares on Monday. Mr Goldberg's stake is capitalised at about £62m based on Tootal's closing price yesterday of 129¾p - up ¼p on the day.

Mr John Craven, Tootal's chairman, said he was unaware of Mr Goldberg's intentions. "He [Mr Goldberg] has clearly got some other agenda, other than what he has put to us, which will no doubt be revealed in the fullness of time," the chairman said.

Last Saturday Mr Craven informed Mr Goldberg that his board had rejected a proposal for Tootal to acquire all of the Australian's textile and clothing operations in return for a significant stake in Tootal.

Mr Craven said he did not know how much of Tootal Mr Goldberg expected to receive through the merger proposal. Some analysts calculate it could have been about one-third of the capital, which would have lifted his holding to around 50 per cent.

Tootal rejected the plan, saying it lacked commercial logic and that "it would not be in the best interests of shareholders as a whole to have one individual exercising significant influence over the group."

Mr Goldberg sold a 29.9 per cent stake in Tootal in December 1985 after losing a hotly contested takeover battle earlier that year which valued the company at £124m ($218m).

In November and December last year Mr Goldberg acquired a 9 per cent stake and last week pushed this to 14.4 per cent, before placing his merger proposal before the Tootal board. London stock brokers said yesterday that a considerable number of Tootal shares were available at current prices.

INTERNATIONAL COMPANIES AND FINANCE

Dutch groups push gentle merger

Andrew Baxter on Hagemeyer's 'non-takeover' of Medicopharma

When is a takeover not a takeover? That will be the riddle for shareholders in Medicopharma, a small, fast-growing Dutch producer and distributor of generic drugs, to ponder when they meet at Amsterdam's World Trade Center this afternoon.

A short stroll away at the Hilton Hotel, shareholders in Hagemeyer, the venerable Dutch trading group which, since 1983, has been majority owned by Hong Kong's First Pacific trading and financial services concern, will be discussing the same question.

Together, the two extraordinary general meetings mark the start of the final countdown to what both companies hope will be the successful conclusion of a saga that, for many observers and critics, has seemed to typify Dutch attitudes towards the rationale for mergers and the relationship between managements and shareholders.

For a deal of its size – Hagemeyer is offering one of its shares for every 1.145 Medicopharma shares, valuing the Zaandam-based concern at about Fl 160m ($76.2m) – a great deal of heat has been generated in recent weeks. Dutch traders and press commentators described the terms as "completely ridiculous" and "daylight robbery." How low can a bid be, asked one Dutch newspaper.

In reply Mr Suardus Fontein, president and chief executive of Medicopharma, somewhat poetically likened the link-up to a "country doctor leaving his practice to go out into the wide world with a beautiful lass."

Behind the badinage lie two contrasting views of who should benefit from the deal, and what sort of a deal it is. In the sense that Medicopharma's shares will soon no longer exist, it is being taken over, but the two companies prefer not to see it that way.

Instead, they believe that, as the prospectus puts it: "The essence of the merger philosophy is that all the economic benefits accruing from the merger will be reflected in the shares of the combined company." To achieve this, the exchange ratio for the deal was based on the market value of the shares before the deal was first announced, with no premium payable to Medicopharma shareholders.

"Granting a premium in favour of one of the parties would weaken the financial position of the combined company and impair its strength," adds the prospectus.

It is, above all, this principle that has upset some of Medicopharma's shareholders. The terms run counter to practice in the UK and US, where premiums are generally payable, whatever sort of deal is planned, as part of the price an acquiring company pays to get what it wants. It is significant, therefore, that among opponents of the deal are some of the UK institutions, which hold 25-35 per cent of Medicopharma's shares.


Andrew Land: 'support is building up'


Suardus Fontein: 'going out into the wide world'

The merger process got off to an uncertain start in mid-December when the two companies were obliged to publicise the terms earlier than planned because of the need to keep trade unions informed. Amid a welter of criticism, they were pushed on to the defensive before Christmas as a sharp rise in Medicopharma's share price – to around the same level as Hagemeyer's at Fl 75 – threatened to undermine the terms of the deal.

However, the initiative swung back to Hagemeyer and Medicopharma as they continued to emphasise the commercial benefits for both companies and reiterated their determination not to alter the terms.

Analysts, too, began to write enthusiastically about the logic, and the mathematics, of the deal. "Slowly and surely, there is support building up," says Mr Andrew Land, Hagemeyer's management board chairman. With Mr Fontein, he was in London last month to win shareholders' support for the deal.

The industrial case for a merger appears powerful. Encouraged by First Pacific, Hagemeyer has reduced its traditional bulk trading activities and built up a strong position in consumer electronics distribution. However, it needs to spread its risk further on a product and geographical basis, says Mr Land, and will also gain an entrée to the non-cyclical, expanding generic drugs sector.

Medicopharma, meanwhile, says it will benefit from Hagemeyer's extensive worldwide distribution channels to increase its expansion abroad, as there is little room left to grow in the domestic drug distribution market. The company already has a highly-promising springboard into the US generic drugs market and in the Far East is expected to take advantage of First Pacific's strong position in pharmaceutical distribution.

"The excellent thing that Hagemeyer has to offer is its international operations," says Mr Fontein. "We can realise our ambitions quicker."

Among those independent observers hoping the deal will go through is Mr Charles Hunter, an analyst at Banque Paribas Capital Markets. He points out that Medicopharma shareholders will, in a sense, receive a premium for their shares through an "enormous yield premium" resulting from higher earnings per share and an increased dividend.

Had the company remained independent, it would have faced heavy investment to continue its quest for critical mass. "I don't think Medicopharma shareholders had realised that their company, without a strong group behind them or sophisticated international financial management, would not see earnings growth," says Mr Hunter.

Hagemeyer, meanwhile, will have to increase its number of shares outstanding by 50 per cent to effect the deal with its more highly-rated partner and Mr Land admits shareholders will suffer some dilution in earnings per share this year before the benefits of the deal work through to profits.

This is one of many reasons why the deal is being opposed by some Medicopharma shareholders. Co-ordinating some of the complaints is Optimix, a Dutch broker that played a leading role in the so-called "Audet affair" a year ago. Then it initiated a pressure group of shareholders in the Audet regional newspaper chain to force VNU, the big Dutch publishing group, to raise its bid.

Mr Peter Meyer Swantee, managing director of Optimix, says a number of UK institutional shareholders in Medicopharma, which he would not name, are unhappy about the merger, believing that Hagemeyer is not an attractive partner for Medicopharma or "the sort of stock that institutions want to have in their portfolios." Also, the terms are "much too low" for a high-growth company such as Medicopharma, and the fact that Hagemeyer was unable to make a cash offer indicates that it is "not a very powerful group."

He criticises, too, the general attitude of the two companies towards their opponents. "It's a situation where they are saying: 'What are you making a fuss about? Our labour force is happy, so why bother? This is all being done in your interests.'" Optimix is complaining to the SER, the Dutch agency that has limited oversight of mergers, over what it sees as insufficient financial information about the merger and wants the agency to give its opinion before February 10.

A further, complicating element is the role of First Pacific, which is controlled by the family and associates of Mr Liem Sioe Leong, the Indonesian-Chinese businessman. The terms have inevitably raised suggestions in the Netherlands that the Hong Kong-based group is acquiring Dutch assets on the cheap.

This is denied by Mr Manuel Pangilinan, First Pacific's managing director, who says: "I think the terms are fair. It is important to look at the future prospects of the merged institutions." First Pacific was involved in the deal from the earliest stages, and will retain a slender majority of the expanded share capital after it is completed.

The fate of the deal now seems finely balanced, despite the public relations blitz by the two companies. Mr Meyer Swantee says he believes there is enough opposition to scupper it, but the two companies have not said what majority they will accept and reserve the right to call off the deal if fewer than 90 per cent of shares are tendered by February 9.

Hagemeyer, meanwhile, is still looking for acquisitions, and hopes, as Mr Land puts it, to "round off a couple of positions" – luxury food imports to the US, where it is already the largest player, and automotive distribution in the Benelux countries. In the US, at least, it may have to play by different rules.

BMW sales increase at fastest rate since 1970s

By Andrew Fisher in Frankfurt

BMW, the West German motor group, experienced a sharp acceleration in business last year, with a 26 per cent increase in group turnover to DM24.5bn ($13.2bn). This was its fastest rate of sales increase since the mid-1970s and was helped by its successful up-market 5- and 7-series models and by continued buoyancy in its main European markets.

Demand outstripped production capacity by a wide margin, the company said. In Germany alone, where the overall market was down, new BMW registrations were 21 per cent higher at more than 180,000 cars. In the whole of the 12-member EC, they jumped by nearly 20 per cent to 317,000 cars.

BMW gave no profit indications, though analysts expect increases both for last year and in 1989. Mr Eberhard von Kuenheim, chairman, said only that profits would follow on from the levels of previous years. In 1987, parent company net profits rose by 11 per cent to DM375m.

This year, he added, "production and unit sales of BMW automobiles will probably climb further." Last year, total car output was 5 per cent higher at 484,000 units, with unit sales up by 6 per cent to 487,000 cars. BMW's revenues were helped considerably by the stronger showing of its more expensive, higher-margin 7- and 5-series models, accounting for 44 per cent of production against 30 per cent in 1987.

For the first time, the Munich-based company had a full year's output of all variations of the 7-series, of which 58,000 were produced. This car has been outselling the S-class models of rival Daimler-Benz, whose next generation of up-market saloons is due in 1990.

BMW's new 5-series, introduced a year ago, has also been selling well. The cheaper 3-series is due for replacement next year, but the company has started limited output of its new Roadster Z1 sports car.

In the US, where conditions have become tougher for all high-priced imported models, BMW registrations fell by 16 per cent to 73,400 cars. However, 7-series registrations, which accounted for 13,300 of this figure, rose by a third.

The company also said it expected US sales to benefit this year from the introduction there at the end of 1988 of the 5-series.

EdF returns to the red with FFr1.8bn loss

By George Graham in Paris

ELECTRICITE de France (EdF), the French power generating authority, fell back into the red last year with a loss of FFr1.8bn ($285m), after a slight profit of FFr200m in 1987.

Nevertheless, Mr Pierre Delaporte, chairman, claimed that the year had been excellent, with unhoped for progress in the industrial energy market, a 23 per cent increase in electricity exports and a move into new sectors such as cable networks.

EdF could have made a profit during the year, Mr Delaporte said, but the unusually warm weather of 1988 had cost it around FFr1.7bn in lost revenue, the Government's refusal to allow the group to raise its prices early last year another FFr1.6bn and the rolling strikes in the group's power stations at the end of the year FFr350m to FFr400m.

Mr Delaporte said net exports of electricity to neighbouring countries had risen to 36.7bn kilowatt hours in 1988. The UK remained the largest client, buying 12.8bn kwh, while Switzerland and Italy bought between 9bn and 10bn kwh each.

EdF had signed electricity supply contracts totalling 260bn kwh, assuring the French utility of FFr65bn of revenue between now and the end of the century, Mr Delaporte said, including some recent long-term contracts with other European utilities.

"Some electricity generators are now renouncing the aim of national self-sufficiency and contenting themselves with European self-sufficiency," Mr Delaporte said, though declining to name the utilities with which these deals had been signed for fear of upsetting their negotiations with their national governments.

Mr Delaporte said the real objective for EdF must be a reduction of its mountain of debt, which rose by FFr9bn to FFr233bn at the end of 1988 and is expected to rise again slightly this year.

Mr Delaporte said it was vital debt servicing costs were cut to around 10 per cent of sales by the end of the century.

Petrofina share price unmoved by income rise

By Tim Dickson in Brussels

THE SHARE price of Petrofina, Belgium's biggest company, was unchanged yesterday in the wake of Monday's announcement of a 15 per cent increase in 1988 profits to BFr20.2bn ($519m).

However, while the results from the oil giant had been widely expected in the market, a couple of related developments took analysts by surprise.

First was the plan for a one-for-15 rights issue at BFr11,000 (compared with yesterday's close of BFr13,975) to raise BFr14.8bn – the company's first capital increase since 1971. The board gave no details of the issue in its statement except to say that it was "to sustain the increased rate" of capital spending and investment growth.

The other unexpected move was a proposed 15.8 per cent increase in the dividend to BFr400 per share net of withholding tax, prompting one observer to speculate mischievously that gentle pressure might have been applied by Petrofina's powerful shareholders (among them Groupe Bruxelles Lambert and Société Générale de Belgique).

Skandia operating profits fall by 15%

By Sara Webb in Stockholm

SKANDIA, Sweden's leading insurance group, yesterday reported a 15 per cent drop in operating profits for 1988 due to lower capital gains on its investment portfolio. However, the board proposed raising the dividend from SKr2.4 to SKr3 per share to reflect the underlying improvement in its insurance operations.

Operating profit (before extraordinary items) fell to SKr910m ($144m) last year from SKr1.073bn in 1987, according to preliminary figures.

The group said its 1987 results had been boosted by unusually large gains on share sales and added that profits from the sale of investment assets in 1988 were back at "more normal" levels. Profit from the group's financial operations fell 18 per cent from SKr1.686bn in 1987 to SKr1.39bn last year.

However, Skandia reported a strong improvement in the results from its non-life insurance operations, turning a loss of SKr28m in 1987 into a profit of SKr300m last year. Skandia said the improvement was helped by the recovery of its reinsurance business and reduction in claims in certain areas.

Paid-in premium income rose by 12 per cent to SKr5.03bn. Total claims costs jumped 16 per cent to SKr3.84bn, although Skandia said that this was due to "a few big losses on the commercial side," particularly overseas.

Skandia said that claims costs in areas such as car insurance and home insurance had been reduced, but admitted that profits from the car insurance side needed to improve further.

Bass Group reveals 5.6% stake in Houghton Mifflin

By Anatole Kaletsky in New York

HOUGHTON MIFFLIN, one of the few US book publishing companies which had remained untouched by last year's wave of leveraged takeovers and buy-outs, learned yesterday that Bass Group had accumulated a 5.6 per cent stake in it.

The group is the investment vehicle of Mr Robert Bass, the acquisitive Texas billionaire who played a crucial role in last year's bid battles for Bell & Howell and Macmillan.

Boston-based Houghton Mifflin's shares jumped $9¼, or more than 25 per cent, to $45⅝ shortly after the announcement, as Wall Street arbitrageurs snapped up the stock in expectation of another profitable bidding contest.

The new market price valued the whole company at about $650m, but analysts spoke of a "takeout price" of at least $50 to $55 a share, assuming that Houghton Mifflin was put in play by the Bass stake.

The Bass Group said it had bought its shares at an average price of $28.48 "for investment purposes" and added that it had "no present plans for an extraordinary transaction."

Houghton Mifflin's executives were said to be in meetings and unavailable for comment, but arbitrageurs said the Bass stake left open several profitable possibilities for the company's shareholders.

Judging by its past record, the Bass Group could push the management to organise a leveraged buy-out or accept an outright takeover. The new investors could also be hoping to precipitate a bid from a big international media group.

Like other US publishing companies, Houghton Mifflin is thought to be poised for a period of rapidly-growing cash flow and earnings, as demand for textbooks picks up in response to the increasing number of school-aged children in the population.

The publisher is particularly strong in elementary reading texts, a field which is thought to have excellent growth prospects.

Some sceptical analysts point out, however, that Houghton's 1989 earnings and cash flow, estimated at about $2 and $4.50 a share respectively, might not support a buy-out price much above the current level of around $45.

As for the possibility of a bid from a foreign group, they noted that several of the most aggressive bidders for US publishing companies may have sated their appetites with takeovers completed in the past two years.

Control Data slips into red in last quarter

By Roderick Oram

CONTROL DATA, the computer maker and service group still struggling to wring profits from a mid-1980s restructuring, has reported a fourth-quarter loss and barely broke even for the full year.

Mr Robert Price, chairman, warned that Control Data's operating performance "will continue to be disappointing until we fix the problems that undermined 1988 results."

These included poor performances by mainframe, supercomputer and semiconductor subsidiaries that wiped out improved results from disk drives and many of the group's service operations.

The loss for the three months ended December was $12.8m or 31 cents a share, against net profits of $10.8m or 26 cents. Revenues edged ahead to $933m from $927.5m.

For the full year, the company earned net profits of $1.7m or 3 cents against $19.3m or 45 cents on revenues of $3.63bn, compared with $3.37bn.

Shipments of mainframe computers fell significantly short of plans because of a chip shortage and start-up delays on the Cyber-90 mid-range machine. Demand was weak overall for the company's computers, particularly in the US.

Results from ETA supercomputers were "poor, largely because of a lack of maturity in operating system software," Mr Price said.

VTC, the group's chip-making subsidiary, was making technical progress to bring a new semiconductor fabrication facility on-line but further improvement was necessary before revenues improved.

Users seek to boost Unix system

By Roderick Oram in New York

USERS of the Unix computer operating system developed by AT&T took further steps yesterday in their quest to ensure Unix develops into an open standard applicable to a wide range of equipment and applications software.

Unix International, a user group formed last September, announced the appointment of senior officials and an organisational structure designed to make it the "product development manager" for Unix.

Its new president and chief executive is Mr Peter Cunningham, from ICL, the UK computer maker.

The group will be based in northern New Jersey, with additional offices in Brussels and Tokyo.

Writing Unix software remains the task of AT&T and Sun Microsystems, a leading maker of powerful computer workstations. But the user group said it would draw up specifications, timetables and other aids to orderly development.

All members of the user group will receive releases of Unix at the same time early in the process, preventing anyone from gaining a competitive advantage.

Unix International, now comprising 46 members, said it would work closely with X/Open, an international consortium of computer companies and software vendors, to meet X/Open's goal of open systems.

Until recently, computer users have had little choice but to be locked into proprietary operating systems developed by manufacturers. Such systems often prevent users from integrating products from different manufacturers or transfering applications software from one system to another.

In October 1987, AT&T launched an attempt to unify the differing versions of Unix that had sprung up over the previous 20 years. It made a grave strategic mistake, however, by making it appear that Sun and AT&T's own computer group would gain an inside track in the race for an open system.

Competitors led by International Business Machines, Hewlett-Packard and other manufacturers formed, last year, a counter group, the Open Systems Foundation, to develop their own version of Unix. In spite of attempts by users to unite the fighting factions, OSF is still pursuing its own course.

AT&T and Sun will have "no special privileges" as members of Unix International, Mr Bob Kavner, president of AT&T's Data Systems Group, said yesterday.

Coca-Cola profits up by 14%

By Karen Zagor in New York

COCA-COLA, the world's largest soft drinks company, yesterday reported strong annual and fourth quarter earnings, pushing the company's run of unbroken growth to 14 years.

Net income for the fourth quarter rose by 22 per cent to $235.5m or 65 cents a share, from $193m or 52 cents a year earlier. Revenues increased by 1.8 per cent to $2.03bn from $1.99bn.

For the year, net earnings increased by 14 per cent to $1.04bn or $2.85 a share, from $916m or $2.43. Sales increased by 8.9 per cent to $8.34bn from $7.66bn.

During 1988 the company bought back 18.8m shares from stockholders.

Coca-Cola reported a 33 per cent return on average shareholders' equity, the highest return in nearly 50 years.

Mr Roberto Goizueta, chairman and chief executive, said, "The outstanding return on equity and earnings level achieved in 1988 reflect the strength of our global soft drink business and its continuing momentum."

He added that Coca-Cola expects 1989 to be "another banner year with earnings per share growth once again well into the mid-teens".

In 1988, shipments of soft drinks rose 7 per cent worldwide. Overseas operating income rose by 21 per cent. In the US, shipments of soft drink concentrate and syrup increased by 6 per cent.

According to Coca-Cola, the company's share of the US carbonated soft drinks market is more than 40 per cent.

In the group's other businesses, volume for aseptically packaged products increased 15 per cent in the year, led by the strong performance of Hi-C. Frozen orange juice volume dropped 22 per cent, chilled orange juice volume fell by 6 per cent. Coca-Cola said the decline was consistent with industry trends.

Non-operating items included a 52 per cent decline in net interest expense due to higher cash flow and a 57 per cent decline in equity income because of lower earnings at Columbia Pictures as a result of one-time write-downs associated with the restructuring of the business.

Varity bids again for Fruehauf

By Robert Gibbens in Montreal

VARITY, the Canadian farm equipment group which owns the Perkins diesel engine business in Britain, is making a second attempt to buy Michigan-based Kelsey-Hayes by launching a firm bid for its parent, Fruehauf of the US.

Last October, Varity pulled out from talks aimed at buying Fruehauf or its Kelsey-Hayes subsidiary. The parties could not agree on terms.

Now Varity is offering two thirds of one of its common shares, worth US$3¼ on Monday, for each Fruehauf common share and 2¼ Varity common for each Fruehauf preferred.

Estimated value of the bid is US$850m. Fruehauf shareholders have to choose between this and a Fruehauf management recapitalisation plan. Varity says the latter is worth less than its share-exchange bid.

Kelsey-Hayes specialises in making parts for cars and light trucks, with a subsidiary in Canada.

It would fit well with Varity's Dayton Walther vehicle parts subsidiary in the US, which makes wheels and braking systems for heavier vehicles and accounted for 16 per cent of Varity's total sales in fiscal 1987.

Akzo raises payout despite income fall

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fibres group, saw 1988 net income fall 11 per cent last year to Fl 840m ($401.9m) or Fl 20.87 a share from Fl 942m or Fl 23.43 in 1987 because of extraordinary items.

These amounted to a Fl 10m loss last year instead of the Fl 273m gain in 1987, which was mainly due to the sale of Akzo's consumer products division.

Net income before extraordinary items jumped 27 per cent to Fl 850m from Fl 669m due to industry buoyancy and more than doubled profits from non-consolidated companies – Fl 120m against Fl 53m.

Reflecting the underlying improvement in business, Akzo lifted its 1988 dividend by a hefty 14 per cent to Fl 7.50 a share from Fl 6.60.

Operating income and sales rose in nearly every sector. Chemicals, synthetic fibres and coatings, in particular, helped boost operating income by 20 per cent.

Synthetic fibres continued to rebound from the difficulties of past years, contributing to wider operating margins of 8.6 per cent in 1988 compared with 7.6 per cent the year before.

Total revenues climbed 7 per cent to Fl 16.6bn from Fl 15.5bn, boosted by 4 per cent higher selling prices. Within chemicals, the basic chemicals did notably well amid the cyclical upturn.

Finance charges soared 74 per cent to Fl 255m from Fl 147m as a result of higher investments and acquisitions.

Strong year at Allied Signal

By Anatole Kaletsky

ALLIED SIGNAL, the US aerospace, automotive and chemicals conglomerate, has reported net income of $104m or 70 cents a share in the fourth quarter.

Earnings were 35 per cent up on the year-ago figure from continuing operations, which came to $77m or 50 cents. Allied's total earnings in the year-ago quarter were $136m or 88 cents, after a one-time tax benefit.

In 1988 as a whole, Allied made $463m or $3.10 after tax from its continuing operations. While this was lower than the $515m or $3.07 reported in 1987, it was 19 per cent above that year's underlying result, excluding special items.

Mr Edward Hennessy, chairman, said Allied would have earned $390m or $2.32 in 1987 had it not been for one-time gains from the sale of its Henley Group subsidiaries and an issue of stock in Union Texas Petroleum, another former subsidiary.

Allied's total sales in 1988 increased by 7 per cent to $11.9bn, but the latest quarter's sales were up only 2 per cent at $3bn. Sales for the engineered materials division rose 8 per cent to $3.03bn.

Higher margins lift USX's energy side

By Anatole Kaletsky

USX, the biggest US steelmaker, which is also a leading energy company, reported little change in the underlying profits of its steel-making operations, but a significant improvement in its energy businesses, primarily because of higher margins on refined oil products.

USX made net profits of $158m or 55 cents a share in the fourth quarter and $756m or $2.62 in 1988 as a whole. In 1987 there was a net loss of $14m or 13 cents in the fourth quarter and a profit of $219m or 54 cents in the full year. Annual sales increased by 13 per cent to $16.9bn.

The results were significantly affected by unusual items, arising from a lengthy steelworkers' strike, a big asset restructuring programme and an oil inventory valuation adjustment.

Total operating income in 1988 was $1.4bn for the whole year and $262m for the fourth quarter, against $931m and $209m respectively in the previous year.

The steel segment's operating income was $501m for the year and $16m for the quarter, compared with $125m and $89m in 1987.

The latest quarter's income included several charges and Mr David Roderick, chairman, said that, excluding unusual items, fourth-quarter income was $117m, "approximately equal to the 1987 period."

Marathon Oil, the company's main energy business, had annual operating income of $506m, compared with $442m. Fourth-quarter income was $123m after a loss of $13m in the year-ago quarter.

Mr Roderick said the improvement in operating income was primarily due to higher refined-product margins.

The year-ago loss was due to a $96m unfavourable valuation adjustment.

Texas Oil & Gas, another energy subsidiary, suffered an operating loss of $31m in 1988, compared with a $2m profit in 1987. Its fourth-quarter loss was $7m, against $4m the year before. The declines resulted mainly from lower gas gathering margins and crude oil prices.

USX's diversified business segment had full-year operating income of $333m in 1988, compared with $171m the year before. About half the improvement was due to one-time benefits from asset restructuring adjustments.

Boeing soars 28% to $614m

By Roderick Oram

BOEING has reported sharply higher fourth-quarter and yearly earnings, with its booming airliner business more than offsetting operating losses on military programmes that reflect slightly lower sales and "significant performance problems" on several projects.

The Seattle-based company forecast sales growth of about 30 per cent this year to around $22bn.

It said the challenges it faced included increasing output of jet airliners, getting deliveries of its 747-400 airliners back on track and solving productivity problems at its de Havilland commuter aircraft unit in Canada.

Net profits for the three months to end-December rose 23 per cent to $174m or $1.14 a share from $141m or 92 cents a year earlier. Revenues were $4.87bn against $4.64bn.

Full-year net grew by 28 per cent to $614m or $4.02 a share from $480m or $3.10, with revenues advancing 9.4 per cent to $16.96bn from $15.51bn.

The company attributes the higher earnings, which were still short of 1986's $665m, to higher sales volume, lower research and development costs and other new business expenses on jet airliners, computing, electronics, defence and space programmes, and lower taxes.

UCB in joint venture with RTZ

By Tim Dickson in Brussels

UCB, one of Belgium's largest chemicals and pharmaceutical concerns, yesterday underlined its determination to expand sales outside Europe by announcing a joint venture with RTZ, the diversified British company.

The groups' decision to pool their resources in the field of specialty chemicals for radiation curing – products used in printing inks, varnishes and adhesives – creates a company whose turnover is likely to be about BFr4bn ($102.8m) a year.

The venture – Radcure Specialties – will have licensees in Asia as well as operating subsidiaries in Europe and the US, where RTZ Chemicals' Interez unit in Louisville, Kentucky will be integrated with UCB's commercial and technical centre at Norfolk, Virginia.

Mr Georges Jacobs, UCB's chairman, explained: "The move will enable research and development to be intensified, opening the way to new applications in this field."

The joint approach is typical of the strategy being developed at UCB, a successful company in recent years but one which, by virtue of its relatively small stature on the international stage, faces a challenge in years ahead.

Mr Jacobs indicated yesterday that turnover in 1988 was likely to be about BFr35bn, against BFr33bn in 1987, while profits after heavy investment and research expenditure would be close to the previous year's BFr1.78bn.

Along with several other European chemical groups, UCB has deliberately disengaged from cyclical activities over the last 20 years, concentrating on areas where high added value can be obtained.

UCB is now divided into three sectors: pharmaceuticals, where its policy of investing up to 16 per cent of turnover in research has paid off with the development of drugs like Nootropil and Zyrtec; chemicals, where it has a global presence in several specialty products; and cellulose and plastic film materials.

US QUARTERLY RESULTS

UNOCAL, the US oil company, lifted profits in the fourth quarter following asset sales and strong earnings in its chemical, refining and marketing sectors.

Earnings jumped to $141m or $1.21 a share from $29m or 26 cents the previous year, on revenues of $2.65bn against $2.33bn.

Profits for the year rose to $480m or $4.12 from $181m or $1.56, with revenues increasing to $10.1bn from $9.4bn.

● GENERAL DYNAMICS, the US defence contractor, was assisted in the fourth quarter by cost cutting at its general aviation and army tanks operations.

It posted net earnings for the period of $110.2m or $2.64 a share, including 60 cents of tax credits, against $95.3m or $2.27 a share including 48 cents of tax credits. Revenues increased to $2.49bn, compared with $2.45bn.

However, net income for the full year fell to $379m or $9.03, from $437.3m or $10.26 on revenues ahead to $9.55bn from $9.41bn.

● BLACK & DECKER, the US power tools maker, advanced strongly in the first quarter, taking net income to $38.4m or 65 cents, compared with $31.1m or 53 cents last time.

Sales jumped to $705.5m, against $612.8m.

APPOINTMENTS ADVERTISING CONTINUES TODAY ON PAGE 24

INTERNATIONAL COMPANIES AND FINANCE

Regent and EIE in $300m New York hotel venture

By John Elliott in Hong Kong

THE Hong Kong-based Regent International Hotels and EIE International of Japan yesterday announced the US$300m development of a 46-storey, 400-room hotel on a prime site in New York's midtown Manhattan between Madison and Park avenues.

Mr Robert Burns, Regent's American founder and president, said yesterday that his privately owned company also has a site in London for a 200-room hotel, although he declined to specify where.

The developments are part of an international expansion by the group, which runs 12 luxury hotels concentrated in the Asia-Pacific but including the Mayfair Regent in New York.

The flagship of the group, which owned London's Dorchester Hotel in the mid-1980s, is the highly-rated Regent overlooking Hong Kong harbour. Other plans include hotels in Munich and Istanbul as well as projects already under way in Milan, Taipei and Jakarta.

EIE is buying and developing the New York site. The hotel is being designed in classical style by Mr I.M. Pei, whose work includes the new Bank of China in Hong Kong, the world's fifth tallest building.

Regent will manage the hotel and Mr Burns said he hoped it would also have an equity stake. The high development cost would mean that it would not show a "positive cash flow for five or six years" but should achieve an 8 per cent return over 15 years.

EIE International is a Tokyo-based private company headed by Mr Harunori Takahashi, a former Japan Air Lines executive. He has turned EIE from a small electronics manufacturer into a property developer since he acquired control in 1979.

EIE bought a 30 per cent stake in Regent in 1987. It also has a 49.8 per cent offshoot in Hong Kong, EIE Development International.

This company has a 50 per cent share in the colony's Bond Centre office development with an option to buy the other 50 per cent if Mr Alan Bond, the Australian entrepreneur currently in the middle of a controversial buy-out of his Hong Kong operations, wants to sell.

Great Eagle negotiating sale of HK flats

GREAT EAGLE, the main Hong Kong property company of the Lo family, is negotiating to sell the Tregunter luxury flats development in the colony's Mid Levels area to Allied Properties for around HK$1.8bn (US$231m).

Allied, controlled by the Malaysian Mr Lee Ming Tee, would pay in cash and new shares. Great Eagle acquired Tregunter in September 1987 for about HK$700m.

Century profits set strong pace

By R.C. Murthy in Bombay

PROFITS OF Century Enka and Century Textiles and Industries (CTI), two companies controlled by Mr Basant Kumar Birla, rose strongly last year, setting the pace for a strong season of results from the Indian corporate sector.

Century Enka doubled its gross profits to Rs689m ($46.2m) from Rs315.5m while those at CTI rose by nearly two thirds to Rs643.9m. Profits after tax and other provisions were Rs331.3m for Century Enka against Rs42.4m, and Rs276.5m at CTI compared with Rs247.1m.

Century Enka will pay a total dividend of Rs42 per share, lifting the payout rate to some 60 per cent from 38 per cent last year since the capital was increased by a two-for-five scrip issue. CTI has announced a dividend of Rs30 per share against Rs24.

Companies of the Birla group, which have a calendar accounting year, are ahead of most others in releasing their annual results. The Birlas follow an indigenous accounting system called padtha, which enables the management to keep track of profits on a day-to-day basis.

Century Enka produces nylon tyre cord and yarns. It has diversified from textiles to cement, paper and pulp, and shipping.

Mr Birla says the two Century companies will remain the vehicles for any further expansion. The strategy is in contrast to the entirely new ventures being launched by his son, Mr Aditya Vikram Birla. These include a Rs7bn natural gas-based fertiliser project in the northern state of Uttar Pradesh and a Rs12bn crude oil processing refinery on the west coast at Manglore.

Century Enka plans to invest Rs1.5bn over the next two years in its chemicals and spinning plants, and CTI intends to add 1m tonnes of cement making capacity, set up a large iron plant and a 500 megawatt power generation facility. The Government is due shortly to open power generation to the private sector.

Minet sells South African stake

By Jim Jones in Johannesburg

MINET, the UK-based insurance broker, has divested from South Africa after what was described locally as pressure from St. Paul Companies, its new US parent.

The British company is selling its 60 per cent interest in Minet Holdings for an undisclosed amount. After the transaction, 25 per cent of the South African company's equity will be held by employees while Minet of the UK will sell its residual 35 per cent shareholding to Syfrets, a trust company in the Nedbank group. At the same time Nedbank will transfer its 40 per cent interest in Minet Holdings to Syfrets.

The divestment agreement guarantees the South African company continued access to international markets and continuation of its links with Lloyd's and other London insurance brokers.

● Otis Elevator, the South African lift and escalator company which is a subsidiary of the United Technologies group of the US, has resumed declaring dividends which almost completely absorb earnings.

In the year to November, turnover was R72.0m ($29.3m) against R63.4m and pre-tax profit rose to R16.5m from R14.4m. From net earnings of 47.2 cents a share against 43.2 cents, dividends resumed with a total payment of 42 cents.

Otis normally declares dividends which fully absorb earnings as the US parent is unwilling to increase its investment in South Africa through retentions. United Technologies also fears future prohibitions on the externalisation of retained earnings.

No dividends were declared in 1987 as the company repaid borrowings incurred after an unexpected tax bill. The tax authorities altered the regulations which had permitted companies such as Otis to offset future expenses against advance payments on long-term contracts. Otis has now repaid the debt.

● Everite, the South African cement and asbestos products company controlled by the Swiss Eternit group, more than doubled attributable profit in the six months to December as a result of strong demand from the building industry.

Nevertheless, the directors say the return on investment remains below that needed to maintain the capital of the business.

First-half turnover increased to R181m from R162m and pre-tax profit was R34.5m against R15.2m. Last year Everite completed a restructuring of its operations while, in the past six months, Turner & Newall of the UK sold its residual 25 per cent interest in Everite to Old Mutual, South Africa's largest insurance company. The interest was acquired in 1987 with the merger of the asbestos cement interests of Everite with those of Turner & Newall.

Net earnings rose to 68.3 cents a share from 32.3 cents and the interim dividend has been lifted to 22 cents from 13.5 cents.

CMI lifts earnings in first six months

By Jim Jones

CONSOLIDATED Metallurgical Industries, the South African ferrochrome maker, lifted sales and profits in the six months to December as demand and prices grew strongly.

Turnover advanced to R142.0m ($59m) from R55.7m and the interim, pre-tax profit rose to R74.2m from R17.5m. The directors say demand was particularly strong and dollar prices were increased by 24 per cent. They expect the market to remain firm beyond the end of this financial year and say the second-half results will at least equal those of the first half.

Profit retention has increased in anticipation of a R60m expansion which will lift production to 200,000 tonnes a year from the present 150,000 tonnes. Other ferrochrome producers are expanding their capacity and industry officials have expressed concern about oversupply next year.

Net earnings increased to 101 cents a share from 35 cents and the interim dividend has been raised to 35 cents from 20 cents. Last year's full earnings were 89 cents and a total dividend of 65 cents was paid.

Bank Negara declares co-operative insolvent

By Our Financial Staff

BANK NEGARA, the Malaysian central bank, has declared insolvent the country's biggest deposit-taking co-operative bank after taking control of it a year ago, agencies report from Kuala Lumpur.

The central bank said it has applied to the courts for the appointment of a receiver for Cooperative Central Bank (CCB), where the accumulated loss had risen to 726m ringgit (US$265.6m) by the end of 1987 from 329m ringgit at end-1986.

Bank Negara last week froze the assets of 17 major borrowers from the CCB and impounded the passports of more than 40 others to recover loans from them.

The bank said in a statement that a government-sponsored rescue package was being worked out to repay depositors, who are mostly civil servants, in full.

CCB, with total assets of 1.68bn ringgit at end-1986, is the first financial institution to be declared insolvent this year. In 1987 a total of 23 co-operatives were forced into receivership in similar measures.

● Berjaya Corp. (Malaysia), a diversified manufacturer, said yesterday it plans to make two acquisitions at a total cost of 172.5m ringgit, to be financed through a one-for-one rights issue raising 210m ringgit.

The company said it will acquire some 9.8m Sports Toto Malaysia shares from Raleigh for 132.8m ringgit, bringing Berjaya's total holding in Sports Toto to 26.4m shares, a stake of some 88.1 per cent.

Raleigh is Berjaya's controlling shareholder, holding an 81.4 per cent stake in the company.

Berjaya will also pay Uniphone Telecommunications some 39.7m ringgit for 7.5m shares, or a 17 per cent stake, in Sistem Television Malaysia, the country's sole commercial TV station.

The rights issue to finance the purchases will also be used by the company to subscribe to its entitlement in a rights issue by South Pacific Textile Industries, which on January 27 announced a three-for-one rights issue.

Berjaya said its own proposed rights issue of 210m new shares priced at 1 ringgit each will double the company's capital to 420m shares. The company said that its earnings outlook should be improved by the purchases.

● Genting of Malaysia plans to sell its gaming, hotel and resort-related activities to a subsidiary for 442.8m ringgit to restructure is operations.

The company said this would "transform Genting into an investment holding and management company thereby allowing greater flexibility, control and ability to focus on managing the diversified interests of the group."

Genting's Resorts World will issue and allot 27.2m new shares to Genting and 54m shares to indigenous Malays in line with local laws. The issue will raise the capital of Resorts World to 180m ringgit from 98.8m ringgit and Resorts World will seek listings on the Kuala Lumpur and Singapore stock exchanges, Genting said.

Genting's other main interests are in plantations and property.

● The Capital Issues Committee of Malaysia has rejected an application from Cold Storage Holdings (CSH) of Singapore for a listing on the Kuala Lumpur Stock Exchange.

CSH said the application was turned down on the grounds that it is not a Malaysian company.

The UK-registered Cold Storage Holdings last year transferred its main assets to CSH and issued new shares. Until then Cold Storage was listed both on the Singapore and Kuala Lumpur exchanges.

Analysts said the rejection was indicative of a slowly widening split between the two exchanges.

● Temasek Holdings, the Singapore government-owned investment company, is to transfer its 16.2 per cent stake in Jurong Shipyard to the Sembawang group. Ishikawajima-Harima Heavy Industries Holdings, the Japanese shipbuilder which owns 80 per cent of Jurong, has agreed to the transfer, Temasek said.

The restructuring will enable an enlarged group to work closer with IHI and embark upon ventures and projects now outside the capacity of each shipyard, Sembawang Holdings said.

Samba profits up

SAUDI AMERICAN Bank (Samba), 40 per cent owned by Citibank of the US, boosted profits 161 per cent last year to SR235.2m (US$62.7m), writes Finn Barre in Riyadh.

The bank cut provisions for doubtful loans by 11.8 per cent to SR147.1m, while expenses held steady and profits from treasury operations increased. Total assets stand at SR24.1bn.

INTERNATIONAL APPOINTMENTS

APPOINTMENTS WANTED

INTERNATIONAL CAPITAL MARKETS

First peseta Eurobonds pulled at state request

By Andrew Freeman and Norma Cohen

THE FIRST two peseta-denominated Eurobond issues have been withdrawn at the request of Spanish financial authorities, which said they had not granted approval for the deals.

Mr Eduardo Aguilar, an official at the Spanish Treasury, yesterday confirmed that the underwriters had been asked to abandon the deals on the grounds that no peseta-denominated securities can be issued without the permission of domestic authorities.

The two privately placed issues concerned were a Pta6bn three-year bond for Finnish Export Credit, which was pulled by the lead manager, Bankers Trust International, and a Pta5bn three-year deal for Paribas International Finance (Curacao), which was cancelled on Monday by the lead manager, Banque Paribas Belgium.

The Paribas deal was widely distributed last week among Benelux banks and other investors before it emerged that its launch had upset Spanish authorities.

While the deals were intended as private placements, Mr Aguilar said that Spanish brokers were quoting secondary prices on screens, making the bonds available to investors. Private placements typically remain in the portfolios of the original investors and are not traded.

Officials at both issuing houses confirmed that the deals were never formally syndicated, but had aroused a firm reaction from the Spanish Treasury which raised objections to the two banks' senior managers.

Both the Treasury and the Bank of Spain are understood to have complained that they were not consulted before the deals were launched. So far, permission to issue in pesetas has been restricted to borrowers of sovereign or supranational status. Neither of the projected borrowers met this requirement.

Mr Aguilar confirmed that it is planned to extend permission to a wider range of borrowers. However, this is not expected to occur for some time.

Spanish banks are also believed to have objected to the timing of the deals, which coincided with last week's Pta15bn Matador issue for the European Investment Bank. Local banks dominated the syndicate formed to place the EIB paper and at the time of the private placement issues were struggling to sell their allocations.

The Spanish Government's policy is to operate a queueing system designed to avoid saturation of the market. Similar policies exist in the UK and West Germany.

Unlike Euro-peseta bonds which are distributed outside Spanish jurisdiction, Matador bonds are bonds issued by foreign borrowers in the Spanish market. The Matador sector, one of the newest and smallest of the Euromarkets, has attracted several deals this year and banks are forecasting significant expansion of interest.

Sweden plans data screen

By Sara Webb in Stockholm

RIKSBANK, Sweden's central bank, together with 32 of the country's commercial banks and brokerages, is planning to launch a new screen-based data service to provide domestic money market players with an up-to-the-minute price information service.

The service, to be called PMI (Penningmarknadsinformation, or money market information), is scheduled to start in August.

"The money market cannot exist without a well-functioning system for spreading price information," said Mr Anders Salen, head of domestic operations at the Riksbank.

Sweden's money market has expanded rapidly in recent years, taking off with the introduction of bank certificates in 1980 and the subsequent introduction of market rate Treasury bills.

The price information has been carried by Reuters and sold to customers in the Nordic region. But increasing dissatisfaction among banks and brokerages over the level of service provided by Reuters prompted them last year to investigate the feasibility of an alternative system and break up the monopoly.

PMI, with a share capital of SKr4m, will be jointly owned by the leading banks, brokerages and the Riksbank. Development costs in the first year are expected to reach SKr15m-20m ($2.3m-3.1m).

PMI will be run as a commercial enterprise, with distributors paying a subscriber fee for the information. So far, 11 distributors have been invited to participate in the operation, including Telerate and Reuters, which has built up a large number of customers in the Nordic region.

Mr Nils-Robert Persson, head of PMI, said he expected banks and brokerages from the other Nordic countries would be invited to join the new system.

Sterling issues debut for Crédit Lyonnais

By Norma Cohen

CL-ALEXANDERS Laing and Cruikshank Eurosecurities, part of the Crédit Lyonnais group, will today begin market-making in Eurosterling bonds as a first step toward underwriting securities in that sector.

The move runs counter to the recent trend seen particularly among US-based houses to withdraw from the Eurobond business with the view that operations are unlikely to be profitable in the forseeable future. Firms which have pulled out recently include PaineWebber, Smith Barney and Bank of America International, as well as the Eurobond broker, Purcell Graham.

An official at CL-Alexanders Laing and Cruikshank said the firm had singled out sterling because it believed the absence of new government borrowing will create ample opportunities for corporate borrowers in that currency. Eurobond operations will be run in close connection with the firm's gilt-edged market-making activities.

The firm, which will operate under the name CL-Eurosecurities, has already acted as a co-manager on seven Eurosterling issues this year.

Drexel raises RJR Nabisco bond placing

DREXEL BURNHAM Lambert has increased to $5bn from $3bn a private placement of RJR Nabisco bonds because of strong demand, Reuter reports.

The high-yield deal is aimed at partly financing the $25bn buy-out of RJR Nabisco by Kohlberg Kravis Roberts, the New York-based leveraged buy-out firm.

"Investor response was good," said Drexel. It said US and international investors made commitments to buy more than $5bn of the bonds. "They will be notified today about their commitments."

The purchase of RJR Nabisco by Kohlberg Kravis is the biggest corporate takeover in history. "There is a reasonable prospect that in two years RJR will be able to pay down debt," a portfolio manager said.

A number of economists have projected that a recession will hit the US economy in 1990 or 1991. This has sparked concern over highly leveraged issuers of high-yield debt.

"The sale of food and cigarettes, the mainstays of RJR-Nabisco, are the most immune to the effects of a recession," a junk bond trader said.

The $5bn private placement is part of a financing that includes two bridge loans from Drexel Burnham and Merrill Lynch, each for $1bn.

The note placement was considered a major hurdle for the deal, which worried traders because of its size and the involvement of Drexel.

Drexel last month agreed to plead guilty to six felony charges and pay a record $650m in fines and civil restitution for violations of securities laws.

Japan's trust banks expand managed funds

FUNDS under management by the nine foreign trust banks operating in Japan rose to Y2,800bn (US$21.6bn) at the end of 1988, up from Y1,700bn a year earlier, Reuter reports.

The sharp increase was mainly due to the growth of the domestic stock market, the Trust Companies Association of Japan said. Foreign trust banks invest both in Japan and abroad.

"There was active demand from investors for fund trusts and Tokkin funds last year. We put half of the total into the stock market," a foreign trust bank fund manager said.

The foreign trusts had Y30bn in pension funds under management at the end of 1988 against Y20bn at the end of 1987. Japanese trusts have about Y26,000bn in pension funds under management.

"We are unable to expand our pension fund share because we do not have the close relations with Japanese companies that Japanese trust banks have," the fund manager said.

Quebec firm in talks

GEOFFRION Leclerc, the big Quebec-based brokerage firm, is holding talks with a view to taking on board a "substantial equity participation," writes Robert Gibbens from Montreal. The Laurentian Group and Mr Guy Desmarais, Geoffrion president, together own 59 per cent of Geoffrion, and Banque Indosuez has 20 per cent. Geoffrion has been running at a loss since the October 1987 crash.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 31

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†93⅜	93⅞	−0⅛	−0⅛	10.02
A/S Eksportfinans 7¼ 92	150	93⅝	94	−0⅛	+0⅛	9.82
B.F.C.E. 7 92	150	†92½	93	+0⅛	−0⅛	9.75
Brit. Tel. Fin. 9⅜ 98	250	98⅞	99⅜	−0⅛	+0¼	9.51
Canada 9 96	1000	98⅝	99⅛	−0⅛	+0¼	9.22
Canadian Pac 10¾ 93	100	†101¾	102¼	0	+0¼	10.05
C.C.C.E 9¼ 95	300	98⅝	99⅛	+0⅛	+0⅜	9.49
C.N.C.A 9⅜ 93	150	†99¼	99¾	0	+0⅛	6.49
Credit Lyonnais 9 91	200	†98⅜	98⅞	−0⅛	−0⅛	9.75
Credit National 8¾ 93	200	†95⅛	95⅝	+0⅛	+0⅛	9.61
Credit National 7⅞ 92	100	93½	94	0	+0⅛	9.70
Credit National 7¾ 91	150	†93⅝	94⅛	−0⅛	0	9.78
Dai-Ichi Kan 9⅝ 92	150	99⅝	100⅛	−0⅛	0	9.63
Denmark 7⅛ 92	500	92¾	93¼	−0⅛	0	9.85
E.E.C. 7 91	100	93¾	94¼	+0⅛	+0⅛	9.49
E.E.C. 7¼ 93	250	92	92½	+0⅛	−0⅛	9.62
E.E.C. 8 90	350	†97¼	97¾	−0⅛	−0⅛	9.82
E.I.B. 7⅝ 93	100	92¾	93¼	+0⅛	+0½	9.47
E.I.B. 9¼ 97	150	†99	99½	0	0	9.49
Elec. De France 9 98	200	96¾	97⅜	+0⅛	+0¼	9.50
Finland 7⅞ 97	200	90½	91⅛	−0⅛	+0¼	9.58
Finland 7½ 93	200	91¾	92⅜	−0⅛	0	9.71
Finn.Exp.Cd. 8½ 92	200	96⅜	96⅞	−0⅛	0	9.79
Ford Motor Credit 8 91	250	†96⅛	96⅝	0	+0⅛	9.94
Gen.Elec.Cap.Corp. 9 93	500	97⅜	98	−0⅛	0	9.62
Gen Elec Credit 10¼ 00	200	†99¾	100¼	0	0	10.23
Gen.Mtrs.Corp. 9⅛ 92	200	98	98½	0	+0⅛	9.71
Halifax BS 9½ 93	200	†98½	99	0	+0⅛	9.83
IBM Credit Corp. 8⅞ 92	250	98⅛	98⅝	−0⅛	+0¼	9.49
Italy 9 90	1000	†99¼	99¾	0	+0⅛	9.28
Italy 9½ 95	1000	99½	100	−0⅛	+0⅛	9.54
L.T.C.B of Japan 8 91	100	95¼	95¾	0	−0⅜	10.06
L.T.C.B. of Japan 8 97	200	90⅜	90⅞	−0⅛	+0¼	9.74
Metropolis Tokyo 9½ 93	200	100	100½	−0⅛	+0⅛	9.41
Morgan Guaranty Tst. 7 90	150	†96½	97	0	0	10.20
Nippon Tel.&Tel. 9⅜ 98	250	98⅞	99⅜	−0⅛	+0⅜	9.51
Norway 8¾ 93	500	97	97½	−0⅛	+0⅛	9.58
Portugal 8¼ 91	300	†96¼	96¾	−0⅛	0	10.12
Prudential Crp. 8¾ 94	125	96⅝	97⅛	0	−0⅛	9.49
Qantas Airways 10⅜ 95	140	103	103½	−0⅛	+0¼	9.65
Saskatchewan 10¾ 92	100	102⅜	102⅞	−0⅛	0	9.71
State Bk S Aust 9¼ 93	100	98¼	98¾	0	+0⅛	9.71
Sumitomo Bank 9⅝ 92	150	99⅝	100⅛	−0⅛	−0⅛	9.63
[illegible]						

YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

[illegible]

INTERNATIONAL CAPITAL MARKETS

Treasuries close mixed after drop at long end

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds yesterday fell back from modest early gains as rumours swept the market that the Treasury was planning to increase the amount of long bonds due to be auctioned in the quarterly refunding later this month.

Bond prices started with gains of as much as ¼ point which mostly reflected a stronger dollar, but by midsession, long-dated issues stood as much as ¼ point lower. Prices recovered to close mixed.

At the close, long and short-dated maturities were around ⅛ point lower while medium-dated issues scored gains of around ⅛ point. The yield on the Treasury's benchmark long bond rose to 8.82 per cent.

The earlier drop at the long end was attributed by dealers to rumours that the Treasury had been calling around market participants asking for the reaction to the idea of cutting the amount of three-year and 10-year notes to be sold and raising the total of 30-year bonds to be sold. The Treasury did not comment on the speculation.

The rumours appeared, at least in part, to have been prompted by a press report that the Treasury would have to sell around $50bn in bonds to finance plans to bail out the savings and loan industry.

Bond market losses yesterday morning were limited because of a rise in the dollar. In late New York trading, the US currency was quoted just below its highs at Y130.10 and DM1.8755.

A PRONOUNCED change in the shape of the Japanese yield curve began yesterday as the result of an expected change in accounting rules for commercial banks.

GOVERNMENT BONDS

The domestic yield curve is instantly recognisable for its rather quirky profile, being flat as far out as seven- or eight-year maturities, rising sharply thereafter. This derives from the preference of investors for high coupon stock, for which they are prepared to pay hefty premiums.

The mooted change to bank accounting practices means that capital gains and losses will now have to be booked on portfolio accounts, whereas previously only coupon payments were booked. Stock purchasers, formerly prepared to pay up for high coupons, will now scrutinise total returns rather than running yields, more in line with most of the rest of the world.

Reports yesterday that the change was likely during the next fiscal year (April onwards) immediately produced a 14 basis point correction in the direction of a flatter curve during the course of the day. High coupon stock lost their premium, and low coupon stock gained in price – mostly on dealer re-positioning at this stage.

Thus the No 49 bond due 1992 which bears an 8 per cent coupon closed to yield 3.88 per cent, 7 basis points higher than the previous close. At the low coupon end of the market, on the other hand, the No 101 issue due 1997, with a 3.9 per cent coupon was correspondingly 7 basis points lower in yield at 5.13 per cent.

Overall the market was somewhat firmer, on technical short covering over the roll-over period into the new February 15 settlement date, together with a stronger domestic currency and weaker oil prices. The 10-year March futures closed at 107.37, compared with 106.93 on Monday.

THE FRENCH market is still in a somewhat ghoulish mood ahead of tomorrow's auction. Despite fundamental strength, it appears to be on the look-out for bad news – whether from the US or from possible Bundesbank tightening in Germany.

The Matif 10-year bond, where most volume was seen, ended at 107.30 on the official market, 16 basis points weaker than on Monday. Prices were particularly weak in the morning, after weak US Treasuries overnight and renewed interest rate fears.

Although official estimates for tomorrow's auction are for an amount between FFr9bn and FFr11bn, the market suggests the amount may be larger. The Treasury now permits institutions to pay for new OATs (obligations assimilables de tresor) with old ORTs (obligations renouvelables de tresor), which are six-year zero coupon bonds issued between 1983 and 1985. Of the FFr9.4bn raised in the January auction, almost FFr4bn was paid for with ORTs, so the net new funding was considerably smaller.

UK GOVERNMENT bonds hid their light under the equity market bushel yesterday. The benchmark Treasury stock due 2003/2007 closed just a quarter of a point down on Mondayat 117⅞.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-08	-6/32	10.39	10.39	10.78
		9.750	1/98	99-17	-3/32	9.83	9.84	10.21
		9.000	10/08	99-13	-9/32	9.06	9.05	9.27
US TREASURY *		8.875	11/98	99-09	+4/32	8.98	8.95	9.15
		9.000	11/18	101-26	-2/32	8.82	8.81	9.00
JAPAN	No 111	4.600	6/98	98.4510	-0.031	4.84	4.78	4.75
	No 2	5.700	3/07	109.1504	0.105	4.78	4.77	4.76
GERMANY		6.375	11/98	97.4750	-0.150	6.78	6.68	6.59
FRANCE	BTAN	8.000	1/94	98.8985	-0.190	8.79	8.58	8.58
	OAT	9.500	5/98	104.8700	-0.300	8.70	8.68	8.63
CANADA *		10.250	12/98	101.3750	0.125	10.02	9.98	10.15
NETHERLANDS		6.7500	10/98	98.6250	-0.350	6.88	6.77	6.61
AUSTRALIA		12.000	7/99	92.9015	-2.398	13.26	12.94	12.89

London closing, *denotes New York close
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

NSW leads move to push semi-state paper

By Chris Sherwell in Sydney

ATTEMPTS ARE being made to tap a new foreign market for Australian semi-government bonds with the imminent launch abroad of an issue by the New South Wales Treasury Corporation.

Bain & Co, the Sydney broking firm half-owned by Deutsche Bank of West Germany, is currently marketing the issue in London on the back of a regular European roadshow by NSW Treasury. Details will be settled this week.

Other firms prominent in the semi-government bond market, like Hambros Bank, First Boston, Dominguez Barry Samuel Montagu and S.G. Warburg's Potter Partners, are also considering launching such issues.

One reason for the plans is the cut in federal government capital raising through Commonwealth stock – creating a vacuum in the gilt-edged market at home and abroad.

But the principal attraction of this type of issue is that while interest payments will not be subject to withholding tax, the paper itself will enjoy access to the domestic market's higher liquidity.

Under existing Australian tax legislation, interest payments on bond issues can be free of withholding tax if they are offered abroad to a widely distributed group of foreign investors and the proceeds are used in Australia.

Merchant bankers have sought various ways around these regulations in the past, with mixed success. For example, a recent issue of paper by Telecom Australia, the country's domestic telecommunications body, was marketed as a Euro-Australian dollar bond for the retail market, but was actually taken up by institutional investors.

Although the amount issued was higher than originally intended, market opinion is that it was less than a success.

The NSW Treasury issue is thought to have better prospects, if only because the corporation's paper is the benchmark against which all Australian semi-government stock is priced.

Australian dollar issues volatile

By Andrew Freeman

BUSY NEW issue activity yesterday across a range of sectors was overshadowed by extraordinary trading in the Australian dollar market.

Monday night's December quarter consumer price index figure was blamed for a nose-dive in Australian government bonds which had an immediate effect on Eurobonds when dealing began in Europe.

INTERNATIONAL BONDS

The figure, much higher than expected at 2.1 per cent for the quarter, caused yields on government bonds to rise by as much as 50 basis points as prices were slashed. However, a statement by Mr Paul Keating, the Australian Treasurer, pointed out that 44 per cent of the increase came from the rise in housing costs caused by higher mortgage costs and the booming property market.

As the significance of this filtered through to traders of A$-denominated Eurobonds, the day's early price falls of ½-1 point were reversed and dealers adopted a wait-and-see attitude. *To their surprise*, there was no great selling, although prices of several recent new issues were bady hit. For example, Royal Trust's 14⅞ per cent bonds due 1992 were quoted at less 3¼ bid, a significant fall.

Against this turbulent background, Hambros Bank came to the market with an A$50m issue for the State Bank of South Australia. The two-year bonds carry a 16 per cent coupon and were priced at launch to yield 55 basis points over the benchmark government bond. Towards the close of trading the issue was quoted at less 1¾ bid, just on full fees.

The 16 per cent coupon, the highest yet seen in the sector, was set by the lead manager in reaction to the events in Australia. According to market sources the issue met good retail demand based on the coupon and the borrower's good name. The borrower is understood to have done an interest rate swap to take advantage of dramatically improved swap rates.

Elsewhere, a series of medium-sized US dollar issues emerged. Nomura International was the lead manager for a $250m issue by the Export-Import Bank of Japan. The 10-year bonds carry a 9½ per cent coupon and were priced at 101¾ to yield 35 basis points over the equivalent US Treasury. The spread narrowed to 29 basis points by the close.

Much of the issue was bought in the Far East and the proceeds are understood to have been swapped. Far Eastern demand supported two callable issues, a 10-year $100m deal for Creditanstalt Bankverein brought by Morgan Stanley, and a six-year $150m deal for Postipankki brought by Bankers Trust.

Both deals carried 10 per cent coupons, were trading on fees and benefited from substantial pre-placement in Tokyo, although the Postipankki issue was also sold into Europe. Postipankki is thought to have swapped the funds into floating-rate US dollars.

Nikko Securities Europe was the lead manager of a $140m deal for the Republic of Austria. The four-year bonds came with a 9⅝ per cent coupon and were priced at 101½ to yield 34 basis points over US Treasuries. The deal's reception was helped by the firm opening of US bond markets and it was quoted by the lead manager at less 1.55 bid.

The proceeds are thought to have been swapped, probably into floating-rate US dollars. At yesterday's rates, such a swap would have achieved a funding rate of around 20 basis points under Libor. One disappointed bidder said that Austria had requested a funding target of 40 basis points under Libor.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Creditanstalt◆	100	10	102	1999	1¼/¾	Morgan Stanley Int.
Fujikura‡	100	(4⅝)	100	1993	1½/¾	Yamaichi Int.(Eur)
Mitsubishi Gas Chem.‡	100	(4⅝)	100	1993	1½/¾	Yamaichi Int.(Eur)
Exim Bk.of Japan◆	250	9½	101¾	1999	1¼/¾	Nomura Int.
Republic of Austria◆	140	9⅝	101½	1993	1⅛/½	Nikko Secs.(Eur)
Postipankki◆	150	10	101⅞	1995	1¼/⅝	Bankers Trust
Issue update;						
Topy Ind.(a)‡◆	150	4⅜	100	1993	1½/¾	Nikko Secs.
Sanken Electric(a)‡◆	150	4⅜	100	1993	1½/¾	Daiwa Europe
Dai Ichi K'Denki(b)‡◆	90	5	100	1993	1½/¾	Nomura Int
Kyocera(c)‡◆	300	4⅛	100	1993	1½/¾	Daiwa Europe
AUSTRALIAN DOLLARS						
State Bk.South Aust.◆	50	16	101⅞	1991	¾/½	Hambros Bank
D-MARKS						
Eurofima◆	150	6⅛	100¾	1995	1/⅝	Trinkaus u.Burkhardt
SWISS FRANCS						
EIB◆	200	5¼	100½	1999	n/a	UBS
Belgium☆☆◆	100	5¼	100½	1996	1¾	SBC
ECU						
Gen.Elect.Cap.Corp.◆	125	8⅛	101¾	1994	1¼/⅝	*Merrill Lynch Cap.Mkts.*
YEN						
EIB◆	30bn	4⅞	101¼	1993	⅞/½	Nikko Secs.(Eur)

‡With equity warrants. ☆☆Private placement. ◆Final terms. a)Coupon cut by ¼. b)Coupon cut by ⅛. c)Coupon cut by ⅜.

CIR arranges $200m facility

By Our Euromarkets Staff

A $200m letter of credit facility has been arranged for CIR International, the financial services arm of the De Benedetti group, to support its first-ever US commercial paper programme. The letter of credit, provided by Crédit Suisse, has an 18-month maturity and an evergreen option. There is a utility fee of 20 basis points and a commitment fee of 10 basis points on the undrawn portion. Arranger is Credit Suisse First Boston.

A standby financing for Associates Corporation of North America, the Houston-based consumer finance and leasing subsidiary of Gulf & Western, has been increased from $250m to $325m after *being oversubscribed in syndication*, lead manager Amsterdam-Rotterdam Bank said.

AmRo declined to detail terms on the financing, but other bankers outside said the deal carried a facility fee of 5 basis points, regarded as tight, and a margin on drawings of 12 basis points.

A $500m Eurocommercial paper programme has been established for CIC Funding, a Cayman Islands special-purpose subsidiary of Compagnie Financière de Crédit Industriel et Commercial, the sixth largest banking group in France by *which the paper is guaranteed*. The programme, rated A1+ by Standard & Poor's, was arranged by Merrill Lynch, and other dealers are Citicorp, Shearson Lehman Hutton and Union Bank of Switzerland.

The group of lead managers for a financing for Pechiney, the French engineer, increased to $1.7bn, includes Crédit Lyonnais, Citibank and Banque Nationale de Paris, as well as Chase Investment Bank.

Start by Dutch watchdog

By Laura Raun in Amsterdam

THE Securities Board of the Netherlands, a new self-regulatory agency for stock *exchanges, starts work today*.

Its task is to supervise the exchanges, as delegated by the Finance Ministry, according to bourse statutes and Dutch law. The board will rely mostly on friendly persuasion to resolve disputes, with the right to issue binding advice, but it will have no sanction powers.

Mr Allard Jiskoot, chairman, said it would avoid extensive bureaucracy and complicated regulations.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday January 31 1989

Figures in parentheses show number of stocks per section

Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Mon Jan 30 Index No.	Fri Jan 27 Index No.	Thu Jan 26 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (206)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	742.92
2 Building Materials (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	989.04
3 Contracting, Construction (39)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1479.27
4 Electricals (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2056.04
5 Electronics (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1486.88
6 Mechanical Engineering (56)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	390.00
8 Metals and Metal Forming (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	444.78
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	277.95
10 Other Industrial Materials (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	242.64
21 CONSUMER GROUP (186)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1044.63
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging & Paper (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Publishing & Printing (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (93)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Agencies (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (126)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (32)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (76)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (712)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX◆	2051.8	+8.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1774.4

FIXED INTEREST

PRICE INDICES	Tue Jan 31	Day's change %	Mon Jan 30	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	119.13	-0.11	119.26	-	1.20
2 5-15 years	136.23	-0.21	136.51	-	1.45
3 Over 15 years	150.35	-0.38	150.83	-	0.00
4 Irredeemables	172.18	-0.25	172.62	-	0.00
5 All stocks	133.73	-0.29	134.00	-	1.20
Index-Linked					
6 5 years	131.55	[illegible]	131.55	-	0.00
7 Over 5 years	129.44	[illegible]	129.28	-	0.42
8 All stocks	129.43	[illegible]	129.28	-	0.36
9 Debentures & Loans	118.01	[illegible]	117.84	0.02	0.62
10 Preference	89.34	+0.06	89.28	-	0.37

AVERAGE GROSS REDEMPTION YIELDS	Tue Jan 31	Mon Jan 30	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	11	86	13
Corporations, Dominion and Foreign Bonds	13	10	28
Industrials	571	382	635
Financial and Properties	211	169	290
Oils	18	31	51
Plantations	2	2	8
Mines	30	51	105
Others	73	74	89
Totals	929	805	1,219

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+or-	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

- First Dealings Jan 23
- Last Dealings Feb 3
- Last Declarations May 4
- For settlement May 15

For rate indications see end of London Share Service

Calls in Control Secs, Raine Inds, Clogau Gold, Brit Vita, Inchcape, IMI, Hartons, Owners Abroad.

LONDON TRADED OPTIONS

EXPIRY DAY in the January FT-SE 100 contracts created the greatest interest in London traded options yesterday, but was given a run byBritish Gas, British Steel and British Petroleum.

A further gain in the index itself was accompanied by a substantial opening of put positions in the index.

The index reached a day's peak *of 2,069.4 shortly after 11 am during* the ten-minute period in which the index settlement price for the month was being struck.

At the end of the day, it had fallen back to 2,051.8, at which it still showed a gain of 8.9 points on balance.

There was continued strength *in the index future on the London* International Financial Futures Exchange, with the February settlement again commanding appreciable premiums over the underlying market, though these were not fully held throughout the day.

Overall options turnover came to 57,090 contracts, consisting of 44,566 calls and 12,524 puts. Index trading brought 15,499 con*tracts, made up of 9,509 calls and* 5,990 puts.

The call side of the index dealings saw some opening of interest in the January and February 2,050s, and a closing in the March 1900s, to give a modest overall rise in the number of exerciseable contracts, of 354 contracts in *a total of over 55,000.*

On the put side, however, there was opening of interest of 3,492 contracts to over 77,000, with the April 2050s alone attracting 2,712 contracts and an expansion of the open interest by 2,518 to some 2,600.

British Gas stood out for dealings of 3,226 in the March 180 calls, largely opening of positions. Total contracts in the option *came to 4,578, lying in 4,358 calls* and only 220 puts.

British Steel saw 3,722 calls and 475 puts, in a total of 4,197, with interest closing in the April 70 calls, in particular, and opening in the July 80s.

British Petroleum turnover reached 2,763 contracts, compris*ing 2,513 calls and 250 puts.*

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*488)	460	44	56	71	7	14	18
	500	18	32	46	25	31	36
Brit. Airways (*187)	160	34	38	42	1½	3	4
	180	18	23	30	4	8	11
	200	9	12	17	17	20	22
Brit Com (*235)	220	26	32	40	5	7	10
	240	30	21	26	11	18	20
	260	7	13	18	27	33	33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Ultramar (*304)	294	28	-	-	16	-	-
	300	-	42	50	-	28	29
	330	13	26	33	36	46	47
Woolworth (*285)	260	34	42	50	5	8	11
	280	22	28	37	12	17	19
	300	12	17	26	22	26	28
Option		Apr	Aug	Nov	Apr	Aug	Nov
GEC	200	26	37	42	4	8	10½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Blue Circle (*492)	420	80	86	98	2	7	10
	460	44	50	66	5	14	20
	500	18	28	40	20	32	38
British Gas (*184)	180	9½	18	21	4½	7	10
	200	2¼	6½	11	17	18	19
Dixons (*151)	140	18	25	30	3½	9	10
	160	8	14	18	15	19	22
	180	5	9	11	31	33	35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Leucadia raises holding to over 50% as long-running battle ends

Higher terms win over Cambrian

By Nikki Tait

THE LONG-RUNNING bid battle over Cambrian & General Securities appeared to be over yesterday after New York-based Leucadia National Corporation raised its terms for a second time, thereby winning the board's recommendation. The UK investment trust was once a vehicle for disgraced insider trader Mr Ivan Boesky.

The bidder, a diversified quoted group with interests ranging from insurance and banking to real estate and manufacturing, already controlled 40.6 per cent of Cambrian's voting capital.

Yesterday, according to Seaq, the Stock Exchange Automated Quotation system, about 31m ordinary shares and 6.1m capital shares were traded – suggesting that Leucadia should have passed the 50 per cent mark.

Among those known to have sold was Mr Lance Lessman, who once worked for Mr Boesky and whose current partnerships had built up a voting interest of more than 5 per cent in Cambrian. Mr Lessman had been involved in an alternative scheme for the trust, under which shareholders would have been offered a cash exit route but also the chance to stay in a smaller "son of Cambrian" vehicle.

Yesterday, Mr Lessman said he had "mixed feelings" about selling, commenting that he was pleased to see the higher offer, but adding "I really did want to own Cambrian."

The US Securities and Exchange Commission, which holds 23 per cent of the voting rights via stock received as part of a settlement with Mr Boesky, is not believed to have taken any action so far.

It has previously been stated that the Boesky interest in Cambrian was valued at more than \$50m when Mr Boesky handed over cash and securities worth \$100m to settle charges of insider trading in November 1986. On the current offer, the SEC's shares are valued at about £19.2m.

Under the new offer, Leucadia will pay 120p cash for each ordinary share and 145p for each capital share. This compares with its previous offers of 112p and 130p respectively, and the latest figures for net asset value at Cambrian – on January 27 – of 142.35p and 190.63p. Cambrian shares moved directly in line with the new offer price.

During the offer period, Cambrian has settled certain tax matters with the Inland Revenue, and earlier this week suggested that settlement of the US class actions was imminent. This leaves some ongoing litigation involving the trust in the US. However, it is expected that Leucadia will realise the trust's investments in the not-too-distant future.

BP holders approve buy-back from KIO

By Steven Butler

BRITISH PETROLEUM shareholders yesterday approved a special resolution that authorises a £2.4bn buy-back of BP shares from the Kuwait Investment Office. The measure was passed with only a small show of opposition.

The shares are to be cancelled after purchase, thereby reducing the KIO's holding in BP to just below 10 per cent from a current level of 21.6 per cent.

Sir Peter Walters, chairman, yesterday reiterated the BP position that any shareholding in excess of 10 per cent represented a threat to the company's business because it would create questions about BP's independence. He rejected, however, any poison pill measures aimed at deterring predators.

He said the structure of the deal would increase the assets per share, while having no affect on earnings per share.

● BP yesterday launched its new corporate logo which it plans to use internationally on all branded products, service stations, other installations and corporate publications.

The logo (above right) is a modest reworking of the well-known green shield, with marginally cleaner lines and slightly italicised lettering. It is set in a swath of green – the old shield (above left) stood on a blank background – with yellow infill.

BP said the logo, which it calls its corporate identity, was the result of £1m of research. It may spend another \$100m (£57m) in the next several years to rebrand 8,000 US service stations. Currently, BP-owned stations in the US carry brands such as Sohio, Mobil, Gulf, and Boron.

Bridport-Gundry's board attacked in "spiteful" move

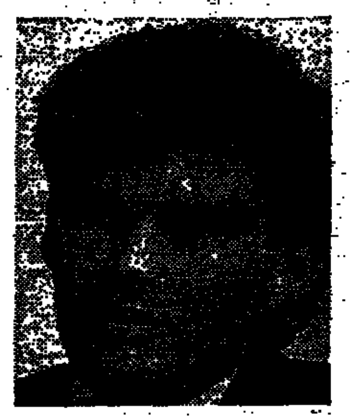
By Ray Bashford

THE ANNUAL meeting of fishing and military net maker Bridport-Gundry ended amid acrimony yesterday after Charterhall, the investment company which has a 25.8 per cent stake, mounted a surprise attack on the board.

Charterhall opposed five resolutions at the meeting in Bridport, Dorset, including the declaration of a dividend, the re-election of directors and a special resolution giving directors the right to issue up to 5 per cent of the capital without shareholders' approval.

The Bridport-Gundry board, which had earlier received proxies from Charterhall in favour of the resolutions, became aware of the group's hostile intentions minutes after the meeting began, when a poll was called on the first resolution.

Mr Patrick Darley, the Bridport-Gundry chairman, set aside all resolutions, except the re-appointment of the auditors, as Charterhall's investment director Mr Kevin Freedman systematically called for polls on the other five.



Russell Goward: concerned about company's progress

Mr Darley said after the meeting, which was attended by about 50 shareholders, that he was puzzled by Charterhall's action.

"This was a spiteful, petty and pathetic action that you don't expect from a serious shareholder," Mr Darley said. He called on Charterhall to "put up or shut up" and end the uncertainty about its intentions.

Charterhall, the UK investment vehicle of Australian businessman Mr Russell Goward, has been building a stake for over 12 months. It has recently become concerned about the company's progress.

The collapse earlier this month of a management buy-out for Bridport-Gundry's US subsidiary after five months of negotiations has led to criticism of the board from Charterhall.

A Charterhall spokesman said after the meeting that the board has been "kept in the dark" since Mr Darley took control as chairman.

"Since the new chairman took over we have been kept in the dark about the company's progress and have lost confidence in the present management's ability to protect all shareholders," he said.

Bridport-Gundry has up to 30 days to release the results of the polls but the support of institutional shareholders, which control an estimated 31.7 per cent of the capital, could be crucial to the outcome.

Monotype picks up but fails to offset losses

By Ray Bashford

MONOTYPE Corporation, the manufacturer of laser-based phototypesetting systems, said it would report a loss for its 1988-89 financial year, although it had returned to profit in the six months to December 31.

The company's shares closed 29p lower at 160p.

Mr Roger Day, chairman, said that details of Monotype's performance would be released in March and that yesterday's statement was aimed at keeping shareholders informed.

After obtaining a full listing in April, the company reported a pre-tax loss of £1.62m in the six months to June 30, compared with a £813,000 profit in the corresponding half.

Monotype, which has been the subject of takeover speculation, has appointed Lazard Brothers as financial adviser.

Imtec, a manufacturer of micrographic and office drawing equipment, was reported last December as having made an approach to Monotype.

Mr Day would not comment on Imtec but said there was "a sense of understanding between several companies in the industry which might lead to something in the future but there is nothing concrete at the moment."

The company has changed its year-end to March 31 in an attempt to overcome the bunching that occurs as business accelerates in the run up to Christmas. A further loss is expected for the final three months of the 15-month period. There will be no second interim dividend, and a decision on the final will be taken in July.

Clydesdale Trust makes bid approach to BGT

By Philip Coggan

ANOTHER BID battle in the investment trust sector loomed yesterday when Baillie Gifford Technology said that it had received a bid approach from Clydesdale Investment Trust.

Baillie said that at a meeting on January 30, Mr Geoffrey Musson, Clydesdale chairman, had informed BGT of its intention to make an offer. A formal announcement from Clydesdale, which is managed by the Merchant Navy Officers' Pension Fund, is expected today.

Clydesdale bought a 17.8 per cent stake in BGT from British Securities and General Trust in November and has since increased its stake to 24.9 per cent. The only other substantial holder is Prudential Pensions with 9.99 per cent.

BGT said it would strongly resist any attempt by Clydesdale to seek a controlling interest. It has appointed Samuel Montagu as its financial adviser.

BGT, with assets of around £9m, is one of the smallest of the six investment trusts managed by Baillie Gifford. Its net asset value per share is currently around 93.6p, compared with 95.8p when it joined the market in 1984.

The trust specialises in high-technology investments, many of which are unlisted. Mr Robin Menzies, a director of BGT, said that the nature of unlisted investments was that disappointments come through before successes and there was a "lot of potential" in the portfolio.

BGT shares rose 6p to 94p whilst Clydesdale's were unchanged at 98p.

Hazlewood sells Northern stake

Hazlewood Foods has sold its 3.3 per cent stake in rival foods group Northern Foods to a group of institutional shareholders, writes Philip Coggan.

The sale comes nine months after news of the Hazlewood stake prompted speculation of a hostile bid for Northern.

The fast growth of Hazlewood has until now been built on the acquisitions of small private companies and the Derby-based group quickly backed away from any hostile bid intentions.

Mr Dennis Jones, Hazlewood's finance director, said the group had taken advantage of stock market conditions.

The holding of 7.3m shares was placed with institutions at 306p each which Mr Jones said represented a small profit.

Mr Martin Clark, the finance director of Northern Foods, said he was "very pleased".

Northern's shares rose ½p to 310p whilst Hazlewood's increased 9p to 245p.

Bassett reinforces rejection

By Lisa Wood

BASSETT FOODS yesterday said the bid by Procordia was offering a "bargain basement price". The Jelly Babies and Liquorice Allsorts manufacturer is fighting a 400p per share bid from the Swedish state-controlled group.

Mr Bev Stokes, chairman and chief executive of Bassett, in a letter to shareholders, urged them to reject the offer, which values Bassett at about £63m. Bassett's shares closed last night unchanged at 470p per share.

Procordia, which holds a 10 per cent stake, claimed in its offer document that the British company was unlikely to prosper in an increasingly competitive marketplace.

Mr Stokes told shareholders: "Procordia needs Bassett's brands, business and expertise to compete in Europe. We do not believe that being part of Procordia would benefit Bassett. Your company has the resources and experience to exploit the opportunities of the European market."

He added that shareholders had rejected a bid in 1984 from Avana Foods and had been well rewarded. Comparing the results of 1987-88 with those of 1982-83, the last completed financial year before the Avana bid Mr Stokes said the group's pre-tax profit margins had increased by 76 per cent, pre-tax profits by 143 per cent and earnings per share by 95 per cent.

Procordia described the rejection document as "glossy, selective and misleading".

Nominees hold over 10% of Colne Valley Water

Bank of Scotland (London) Nominees has built up a stake of just over 10 per cent in Colne Valley Water Company, writes Andrew Hill.

The Water Authorities Superannuation Fund is thought to hold small stakes in at least four other statutory water companies through Bank of Scotland Nominees.

The fund said that it did hold a small number of shares in Colne Valley, but could not confirm what percentage of the voting capital it controlled.

About 53 per cent of Colne Valley's votes are held by French water suppliers, Compagnie Générale des Eaux and SAUR. Colne Valley's statutes prevent holders from exercising more than 25 votes, irrespective of their stake.

Separately, Lord Young, the Secretary of State for Trade and Industry, has decided not to refer bids for West Kent and Eastbourne water companies to the Monopolies and Mergers Commission. SAUR has declared its offers for the companies wholly unconditional.

Wilding beats forecast with £2.68m

By Maggie Urry

WILDING OFFICE Equipment, the retailer and distributor of office equipment, just topped the £2.65m profit forecast made at the time of its recent £9.7m acquisition of Open Plan, an office screens and furniture company.

Pre-tax profits in the year to end-September were 32 per cent up at £2.68m. Sales rose by 34 per cent to £41.4m. The shares rose 12p to 202p yesterday.

Earnings per share rose 28 per cent to 15p and there is a recommended final dividend of 2.4p (1.95p) as forecast, to give a total for the year of 4p, a 23 per cent increase.

Mr Terry Wilding, chairman and managing director, said a slip in margins in the second half was the result of costs involved in expansion plans such as the training of new salesmen and pre-opening costs for new shops coming on stream in the current year.

There was only a small contribution from the acquisition of Tyne and Wear Office Supplies in July last year. In the current year a further three acquisitions have already been made, notably that of Open Plan, which made a profit of £1.15m in 1988.

The third of these was announced yesterday. Wilding is paying £138,000 for Typewriter Services (Sheffield).

Mr Wilding said the target was to build group sales to £100m within two or three years, partly through acquisitions, and then bring margins up to at least 10 per cent.

Acquisitions help boost Securiguard to £3.22m

By John Thornhill

SECURIGUARD GROUP, the security, cleaning and communications company announced record results for the 54 weeks to November 6. Pre-tax profits, helped by acquisitions, more than doubled to £3.22m, against £1.57m.

Turnover rose to £51.1m (£31.3m) and earnings per share increased by 44 per cent to 20p (13.9p). A final dividend of 4.5p is recommended for a total of 6.5p (5p).

During the year, the security division contributed 56 per cent to group turnover but following acquisitions it now represents 40 per cent.

City Security Guards, the New York security firm which was acquired in December 1987, made £595,000 profit on turnover of £7.7m. Since the year end the company has expanded its US activities by the purchase of Spence and Sentry, a security firm operating in Pennsylvania, Maryland and Delaware, and Premier Management Group, a Baltimore-based cleaning and security company.

Mr Alan Baldwin, chairman, said that the company saw further growth in the US as the market was vast and fragmented. The company estimated that the security market in Manhattan alone was worth as much as the whole UK market. Expansion was also being considered in continental Europe.

The cleaning and maintenance division increased sales by 58 per cent. Mediguard, its hospital services subsidiary, was awarded a £7m three-year cleaning contract from Grampian Health Board.

Sales of the courier business rose 61 per cent to £3.8m, and expansion was planned in both domestic and international markets.

The share price closed up 3p at 206p.

Summer delays preference shares payment

By Philip Coggan

Summer International, the former Sunrie Clothes, is having to delay payment of a dividend on preference shares it issued last July because of a deficit in distributable reserves.

Payment on the 7m convertible cumulative redeemable preference shares was due today, but the directors had been advised that Summer was not permitted to pay it. The board hoped it had found a means of using the distributable profits within its subsidiaries, but at the last movement this proved impossible.

Summer said it had set in motion an application to the High Court for a proposed reconstruction of the share capital in order to allow the dividend to be paid. The directors intend to recommend that preference shareholders receive an extra payment to reflect the interest lost because the payment date was missed.

Yesterday, Summer also revealed a pre-tax loss of £151,000 in the six months to September 30. Because of a change in year end, this is a full accounting period.

Mr David Sinclair, chairman, said the results reflected only ten weeks of the reconstructed business. The loss-making Sunrie Clothes has been sold and Summer has moved into training and education. The group is forecasting profits of £1.25m in the current financial year and the directors expect to recommend an ordinary dividend for the year of 1p. Summer shares fell 7p to 54p.

Newman Tonks buys lockmaker

Newman Tonks, the Birmingham-based manufacturer of building products and architectural hardware, is to enter the US lock making industry with the purchase of the Falcon Lock Division from Masco Building Products Corporation, writes Richard Tomkins, Midlands Correspondent.

It has agreed in principle to pay \$3.25m (£1.85m) for Falcon's fixed assets and goodwill, and a further sum, likely to be at least \$3m, for stocks based on a valuation at March 31 1989.

The acquisition will be Newman's third recent purchase in the lockmaking industry. Last year it bought Legge, Britain's largest remaining independent lockmaker, and a 31 per cent stake in Tesa, Spain's biggest lock manufacturer.

Falcon, based in southern California, is a well established brand of locks for government buildings, hotels, offices and other commercial buildings. It had sales of \$12.5m in 1988.

Clarke Hooper calls for £8.6m

By Clare Pearson

Clarke Hooper, USM-quoted promoter of consultancy services, is raising £8.6m through a four-for-five rights issue, partly to finance North American purchases worth £4.5m.

The purchases are West Coast-based MultiMedia, a business communications concern, and Canadian Consultech, which specialises in strategic planning. They further extend the North American reach of the company, which already derives about 25 per cent of its business from across the Atlantic.

The rights issue is of 6.67m new shares at 135p each. The shares shed 7p yesterday to close at 163p.

The initial cash consideration for Multimedia is \$5.1m, while the C\$3.4m payable for Consultech is being satisfied by C\$2.7m in cash and the balance in shares. There are further performance-related payments.

Multimedia, which is mainly involved in corporate presentations, made pre-tax profits of \$1.07m on turnover of \$7.31m in the year to end-September. Consultech made C\$372,000 on sales of C\$1.86m during the same period.

TR Australia stake

International Financial Markets Trading, a City-based investment trading organisation, yesterday emerged with a 5.26 per cent stake in TR Australia, the Touche Remnant-managed investment trust.

The trust has already seen just under 30 per cent of its shares pass into the hands of River Plate and General, a split-level investment trust.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Allied Textile ....fin	6.8	-	5.8	10.6	9.2
Berkeley Govett ......fin	8★	Apr 11	6	13	10
Brit Bloodstock§.......int	2.5†	Mar 21	2.5	–	8.8
Dudley Jenkins §.......int	1	Mar 24	-	-	-
E'tronic Machine ......fin	0.7	Apr 27	0.6	1	0.9
GT Japan ....int	0.5	–	0.4	–	2‡
Harvey Thompson ...int	4	-	3	-	12
Mountleigh ....int	1.25	Apr 6	1.25	-	3.75
Rush & Tompkins ....int	4	Apr 7	3.25	-	12.55
Securiguard ....fin	4.3†	Apr 7	3.3	6.5	5
Throgmorton Tst .....fin	9.25	Apr 5	7.85	13.25	10.6
West Industries ....int	0.25†	Apr 3	0.25	-	1
Wilding Office ....fin	2.4†	Mar 25	1.95	4	3.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ★US cents. ‡Includes special dividend of 0.6p

UK COMPANY NEWS

Berkeley Govett rises to $31m

By Fiona Thompson

BERKELEY GOVETT, the Jersey-based fund management group which takes in John Govett, the UK investment management group, yesterday announced pre-tax profits for 1988 up from $24.19m to $31.38m (£17.8m).

Berkeley's sole stock market listing is in London, but it reports in dollars. It is headed by Mr Arthur Trueger, a Californian, who set up a technology consultancy in the 1970s, and expanded into fund management in November 1986 by buying John Govett for £30m.

Mr Trueger said these latest results had been achieved, despite comparatively quiet stock markets on both sides of the Atlantic, because of its diversified earnings base.

Operating profit in the twelve months rose from $30.6m to $37.7m. The pre-tax figure included a net profit on the realisation of investments of $3.88m ($3.58m). Earnings per share were 33.6 cents, up from 24.5 cents. The proposed final dividend of 8 cents makes a total for the year of 13 cents (10 cents).

"At John Govett, which has £1.8bn under management, profits were down but it is healthy and remains solidly profitable," said Mr Trueger. "Its prospects have been substantially enhanced through the strengthening of the strong equity investment team by the addition of new capabilities in the fixed income, international asset allocation and private client areas."

Mr Trueger said an acquisition announcement was likely in the next six months. Potential purchases included fund managers in the US or UK. "Our criteria for acquisition is that we want to diversify, and any purchase ought to have a fund management side," he said, highlighting insurance as a possibility.

● COMMENT

The City was pleased with these results and marked the shares up 5p to 170p. The John Govett arm suffered from the traumas of the market and profits there are probably 25 to 30 per cent down, but it has increased its clients and product base. And, as far as the group goes, Berkeley's corporate finance side insulates it from the effects of a dull market, development capital investments being counter cyclical to the market. The group's moves to raise money from US investment institutions, which it has never done before, highlights its confidence. Analysts are looking for pre-tax profits of $40m this year, putting the shares on a cheap prospective p/e of 7.

Throgmorton Trust asset value rises 15%

By Nikki Tait

THROGMORTON TRUST, the £300m investment trust which took over the Framlington fund management group last April, yesterday reported a 15 per cent increase in net asset value to 535.2p over the year to end-November.

Over the same period, Throgmorton said that the FT-A All Share Index rose 17 per cent.

The final dividend goes up to 9.25p, making a total for the year of 13.25p (10.6p).

Results from Framlington were not consolidated. However, the fund management business does have an impact in terms of dividends received by Throgmorton, and on interest payable by the group.

The purchase was funded by the issue of convertible loan stock.

Yesterday, Throgmorton declined to break out the detailed implications of Framlington's inclusion, beyond stating that in the six and a half month period, it more than covered its financing costs.

Gross revenue increased from £14.67m to £19.51m — with dividends from investments increasing to £13.36m (£10.64m) and dividends from subsidiaries not consolidated rising to £3.42m (£445,000). Expenses and interest took £8.95m (£5.53m).

Throgmorton yesterday said that it was currently carrying Framlington at acquisition cost.

Another 3.5 per cent of Throgmorton's assets are accounted for by its stake in International City Holdings, the UK financial services concern.

ICH saw a sharp fall in its share price between mid-1987 and December but earlier this month announced that talks were in progress which might lead to an offer for the company.

Inchcape expands minerals testing

By Andrew Hill

INCHCAPE, the services and marketing group, has bought a minerals testing company based in Canada for £5.3m — its third North American acquisition in the last three months.

The latest acquisition is Bondar Clegg & Company, based in Ottawa, and Inchcape said this made the group the largest minerals testing operation in North America, with 20 per cent of the market. It already claims to be number one in Australia.

Inchcape is hoping to expand into South America from the platform of Bondar Clegg's laboratories at 15 locations in the US and Canada.

In October, the UK group bought ETL Testing Laboratories, an electrical testing company based in New York, and PKB Scania, a Canadian commodity testing operation, for a total of £12.5m.

Inchcape claims to be the second largest inspection group in the world with turnover at its inspection and testing businesses exceeding £100m in 1988. Other activities include vehicle distribution and insurance services.

Mountleigh falls in unsettled half year

By Paul Cheeseright, Property Correspondent

MOUNTLEIGH, the property trading group attempting a transformation into a development and investment company, yesterday announced a drop in half year profits although it is maintaining its interim dividend.

Mr Tony Clegg, the chairman, who built up the company, warned that there would be "a lower level of realisable profits than in the immediate past." But he declared that the policy of retaining more developments and increasing the investment portfolio "should lead to a greater growth in asset value."

Should the UK and international development programme be completed, it would have an investment value of £1.05bn.

The market greeted the results and forecasts with a shrug and the shares, which had been firm in early trading, closed unchanged at 159p.

Pre-tax profits for the six months to October 1988 were £24.77m compared with £35.42m in the comparable period of 1987. Fully diluted earnings per share went down *to 5.6p from 9.88p.*

Earnings taken below the line from the sale of investment properties came to a net £10.36m, compared with £9.8m.

Shareholders will receive an interim dividend of 1.25p a share.

The half year, described by Mountleigh as a period of "many outstanding achievements and some highly publicised disappointments", was in fact one of considerable upheaval.

It covered a period when Mr Clegg gave up his shareholding and his post of chief executive, before claiming the latter back early in the second half. There were stillborn merger talks with Wembley. The period saw some aggressive property selling by Mr John Duggan, briefly the chief executive, in order to reduce gearing.

Such sales are reflected in the trading turnover which came to £450.45m in the first half against £96.18m. But the new direction of the company was at the same time evident in a near doubling of rental income to £15.46m.

However, the figures also show that aspirations, briefly entertained, to take over Storehouse and split it up, have led to a provision of £6.7m for losses on the small stake taken in the group.

During the first half, Mountleigh's low market price gave the board the chance to buy in for cancellation 13m shares.

See Lex

NFC rights entitlements waived by directors

By Clare Pearson

DIRECTORS SPEAKING for 3.8 per cent of the equity in National Freight Consortium, the transport and distribution company, will be taking up *less than half their entitlements* in the one-for-eight rights issue that accompanies next week's stock market introduction. Net proceeds of the issue will be about £47.4m.

Some directors in the largely employee-owned NFC are already so heavily invested in the company they are not in a position to take up their rights, according to the company's listing particulars, published yesterday.

Otherwise, the definitive version of the particulars contained few revelations as a detailed pathfinder document, which included the rights issue, was published earlier this month with the timetable for the flotation.

Yesterday's definitive version also showed that pro forma net assets of the enlarged share capital, on the *assumption of full subscription* of the rights issue, stand at 81.1p per share.

Dealings in existing fully-paid and nil-paid new shares start on Monday.

Leisuretime acquisition

By Andrew Hill

NAAZ HOLDINGS, the private company controlled by the Jivraj family, has sold most of its Florida hotel and leisure interests to Leisuretime International, the hotel, travel and nursing home operator in which it has a 29.6 per cent stake.

The $24.9m (£14.2m) acquisition will be funded by a £14.1m placing of shares which should reduce the Naaz holding to about 28.5 per cent.

When the Jivrajs replaced the Aitken family at the helm of Leisuretime a year ago, it was made clear that Naaz's leisure interests would be injected into the company following the purchase of six nursing homes from the family in early 1988.

Mr Nick Jivraj, Leisuretime managing director, yesterday said that acquisitions from Naaz had been staged over a year according to a timetable agreed with the Stock Exchange.

But he said Leisuretime was now large enough to absorb further acquisitions without having to wait.

Naaz still owns four hotels in Portugal and one in Cromwell Road, central London, which should be sold to Leisuretime in due course.

In Florida, Leisuretime is buying the 445-room Econo Lodge Hawaiian, the 216-room Rodeway Inn, and 18 acres of development land with plans for a 320-room hotel. Together they should make $2.4m before interest and tax in the year to December 31 1988.

The sites are close to Disney World and other tourist attractions in the area, and near another Leisuretime hotel, the Ramada Resort.

Naaz's half-share of three more Florida hotels are being sold to the private company's joint venture partner, not to Leisuretime.

About 19.1m new Leisuretime shares are being placed, and will be offered to existing shareholders at 77p, on the basis of seven new shares for every 15 held. Leisuretime shares fell 2p to 82p yesterday.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Aerospace Engineering, LIT, WH Smith.

Finals- Drayton Far Eastern Trust, Fleming American Inv Trust.

FUTURE DATES

Interims-	
Allied Restaurants	Feb. 27
Davies (DY)	Feb. 6
Zurich	Feb. 9
Finals-	
Anglo & Overseas Trust	Feb. 10
Bredero Properties	Mar. 20
Cons Bultfontein Mine	Feb. 9
Griqualand West	Feb. 9
Pentland Industries	Mar. 13
Provident Financial	Feb. 20
Sutherland	Feb. 8
Throgmorton Trust	Feb. 9
Titaghur Jute Factory	Feb. 7
Tribune Investment Trust	Feb. 16

UK COMPANY NEWS

Major core businesses improve their performances

Allied Textile shows 23% profit advance

By Vanessa Houlder

ALLIED TEXTILE Companies, the wool textile group, reports a 23 per cent rise in pre-tax profits to £11.85m for the year to September 30 1988, from £9.64m. Turnover increased by 19 per cent to £100.2m (£84.2m).

Mr Russell Smith, chairman, said the company had distanced itself from the problems of the rest of the sector as a result of its wide variety of activities, its high efficiency, speciality products and ample financial resources.

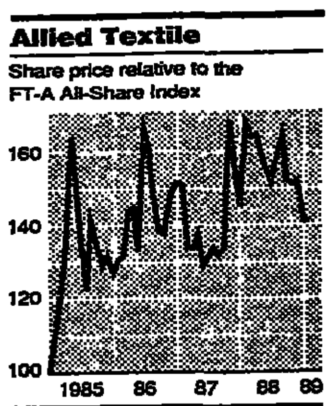
The differentiation between Allied Textile and the rest of the sector would become increasingly evident in times of difficult trading conditions, and he expressed confidence the group would continue to produce relatively superior results.

Earnings per share rose to 31.6p (27.7p). A final dividend of 6.8p makes 10.6p (9.2p).

Profits from the textile businesses rose by 35 per cent to £9.84m (£7.31m) with improved performances from all the major core businesses. Excluding recent acquisitions, the mature businesses in the group increased profits by 22 per cent. Bulmer & Lumb, the wool top dyer acquired last year, lifted profits from £500,000 to £1.5m.

Profits on unrealised investment gains surged from £500,000 to £3.5m.

Cash and investments advanced from £21.6m to £28.1m. Mr Smith said the company would continue to explore opportunities for expansion by acquisition. However, it was determined to avoid diluting its earnings.



● COMMENT

Allied Textile shares may have underperformed over the past few months but shareholders would not begrudge some celebration of the company's twenty-fifth anniversary. After chalking up compound growth of 25 per cent, its shares have comfortably outpaced the market in the past five years leaving the textiles sector miles behind. Allied moved away from the commodity end of the market in the 1970s and now concentrates on high margin, low competition, specialist items ranging from chocolate box ribbons to flame retardant fabric for car seats. That and its fast stock-turn, rapidly updated technology and development of new fabrics have so far protected it from the strong pound and cheap imports that have dogged much of the rest of the industry. The question for the future is how far this apparent immunity to the sector's problems can be maintained. If retailers squeeze suppliers, Allied can hardly fail to feel the pinch - although it has not, up to now, felt any such ill effects. In any case, the company's financial activities should insulate it from the textile division's potential slowdown. Analysts expect the company to make profits of about £13.3m this year. That puts the shares, up 4p to 354p, on a fairly valued prospective p/e of 10.

BET sells Australian operation for £26m

By Ray Bashford

BET, the international services group, has sold United Transport, its Australian operation, to Brambles Industries, the Australian-based materials handling group, for A$52m (£25.9m).

United operates crane hire, freight forward, bulk tanker transport, warehousing and storage in Western Australia and Queensland.

Its broad range of activities did not fit with BET's strategy of concentrating more narrowly on operations such as containers and bulk chemical liquids.

BET is also attempting to develop the UK, North America and continental Europe as its principal areas of activity.

Although the sale includes all existing Australian businesses, the company would consider a return to the country if an alternative venture became available.

BET has been in discussion with Brambles, which has built up a strong international network during recent years, for about six months about the disposal. The sale also stirred interest among possible buyers in European, North American and Australian companies.

Rush & Tompkins confident after 31% rise to £3.32m

By Clare Pearson

RUSH & TOMPKINS, property developer and contractor, achieved a 31 per cent advance to £3.32m in pre-tax profits in the half-year to end-September 1988 on turnover 12 per cent ahead at £110.19m.

Mr Nigel Dunnett, managing director, said: "Our partnership approach as a contractor developer is now proven to be successful. We look forward to the future with a great deal of confidence."

A new management team initiated this approach in 1986, when most of the investment property portfolio was sold off. Since then, the company has been joined by more than 20 partners to form 40 joint venture schemes and the number continues to grow.

Rush & Tompkins now estimates that the end value of industrial, office and retail developments is about £500m, compared with £350m at the year-end. A number of these schemes are now being completed and sold.

The company is particularly optimistic about the development potential in the midlands and north, and its workload remains high at the Metro Centre in Gateshead where it is lead contractor.

Performance is improving in the more competitive south, where its partnership approach is finding favour.

Competitive tender contracts comprised about a third of turnover with the remainder made up of negotiated work, in much of which the company had an equity stake. Profit derived almost entirely from negotiated contracts.

Reflecting a tax charge six percentage points lower at 30 per cent, earnings per share rose to 15.8p (10.1p). The interim dividend is raised to 4p (3.25p).

The £7.66m profit from the April sale of Marlowe House, the company's former headquarters, is to be included in the full-year results as an exceptional item. It will have no impact on shareholders' funds.

Mr Dunnett said he was happy to have Higgs & Hill, the building and property group which took a 14.9 per cent stake in Rush & Tompkins last autumn, on the register at this level.

● COMMENT

Rush & Tompkins' shares have had a good run recently, and at around 370p are not likely to push much further ahead in the short-term. However, the company is viewed as offering interesting longer-term possibilities, in which the Higgs & Hill stake is only one element. R&T is believed to be unique in the UK as a contractor-developer with each venture established as a separate company, off-balance sheet; a mode of operation that gives it considerable control over each project. The approach appears to be catching on strongly, and the current development value probably means to R&T about £40m worth of pre-tax profits over the next three years. The shares, which stand on a prospective p/e of about 9.5 assuming the current year pre-tax figure is around £8.3m, are worth holding.

Caird and Evered link in waste disposal venture

By Clay Harris

CAIRD GROUP, the waste disposal company, is to become Britain's second largest landfill operator through a joint venture with Evered Holdings, the quarries group.

One company has holes in the ground, the other a profitable way of filling them. "It's a natural marriage," Mr Roy Kettle, chief executive of Evered, said yesterday.

Caird-Evered, the joint venture, will develop Evered's quarries for waste disposal purposes. Caird will seek planning permission for the sites, which have a total landfill capacity of 100m cubic metres, and operate the disposal businesses.

As Evered extracts aggregates from each quarry, Caird will be able to follow behind, filling with waste.

After deduction of costs, including a royalty paid to Evered, Caird and Evered will split the profits. Evered will also extract stone, gravel and sand under lease from Caird's existing landfill sites.

Mr Peter Linacre, chairman of Caird, yesterday described the deal as a "pooling of complementary interests." Caird and Evered both see the venture as a means of national expansion.

Most of Evered's 14 quarries are in Scotland and the north of England. All of the existing sites which will be part of the venture will remain owned by Evered, although some future sites may be bought by the joint venture itself.

CH Bailey forecasts only £0.38m

For the year ending March 1989, C.H. Bailey is forecasting profits in the region of £380,000, against £1.55m the year before.

The group, engaged in financial management, shiprepairing, engineering, and leisure pursuits has already warned that the year would be fortunate to match 1986-87. Last year it received a boost from sales of investments.

For the opening 28 weeks of the current year turnover rose to £3.76m (£3.29m). However, the profit fell to £188,000 (£661,000), and a £9,270 (£23,072) share of associate loss reduced the attributable profit to £178,000 (£638,000).

The Bristol Channel Ship Repairing associate halved its loss to £31,000 although turnover fell to £42,000 (£743,000).

Coloroll £7m expansion

By Philip Coggan

COLOROLL, the home products group, has strengthened its position in the wallcoverings market via the purchase of Burlington, a private company, for about £7m.

Blackpool-based Burlington has invested heavily in foam vinyl manufacturing. Coloroll says foam vinyl is the fastest growing sector in the wallcoverings market and that Coloroll's share of the sector will rise to 30 per cent following the acquisition.

Last year, Burlington made pre-tax profits of £1.3m on sales of £10.7m. Coloroll says Burlington has a six-acre site with substantial scope for expansion and a further five acres close by, which will be used for further investment.

Thomas Cook retreat in price war boosts profits

A move away from the fiercely competitive package holiday price war helped Thomas Cook, the travel agency and tour operating subsidiary of the Midland Group, to increase profits sharply for the 12 months ended October 31 1988, writes David Churchill, Leisure Industries Correspondent.

Pre-tax profits rose to £21.16m, against £11.28m, on turnover up by 21 per cent from £281.08m to £341.03m.

Cook last year pulled out of the unprofitable short-haul package holiday market. But it is expanding in the higher margin long-haul sector.

Its improved performance was also helped by a cost-cutting programme and management re-organisation.

"Withdrawal from products and markets where there were inadequate returns will reflect in the future growth in profitability from 1989," said Mr Peter Middleton, chief executive.

News Digest

FLEXTECH
Recovery begins to gather pace

FLEXTECH, the USM-quoted oil services group, continued its recovery in unveiling taxable profits of £788,000 for the six months to September 30 1988. The outcome compared with a deficit of £164,000 last time and profits of £314,000 for the 10 month period to end-March 1988.

Turnover increased sharply to £13.04m (£4.7m). Directors said that Expro, Flextech's operating subsidiary, should continue to trade profitably although oil price volatility might affect exploration budgets of its customers.

After tax of £395,000 (£25,000) and minorities £109,000 (£5,000), earnings per 10p share worked through at 1.29p (losses of 0.92p).

The high tax charge emanated from the rate paid by Expro on its overseas earnings. Flextech was taking steps to rationalise Expro's tax affairs, benefits of which were expected in the next financial year.

An extraordinary credit of £202,000 related to the group's proportion of profits arising on the sale of Expro's UK production division to a subsidiary of British and Commonwealth.

HARVEY & THOMPS'N
Earnings and dividend up

With first half earnings ahead from 12.1p to 15p, Harvey & Thompson is raising its interim dividend by 1p to 4p.

This pawnbroking and debt collecting group increased pre-tax profits by 26 per cent, from £802,000 to £1m, in the six months ended December 31 1988, from operating income of £3.55m (£2.53m).

Assuming the upward trend continued, the directors hoped to recommend a further increase in the dividend in the second half.

Recently, the company acquired Anchor Confirming and Finance, now known as Harvey & Thompson Trade Finance.

It had a very good first month and prospects were most encouraging, the directors stated.

E'TRONIC MACHINE
Progress shown at year-end

Electronic Machine Company, a manufacturer of radar and optical components and currently in the early stages of a planned reshaping, raised its profits from £50,954 to £68,079 pre-exceptional items for the year to end-September 1988.

However, after taking the net proceeds of the sale of the Britannia Precision factory amounting to £27,764 above the line in 1986-87, pre-tax profits for the past year showed a downturn of £10,639.

Turnover improved from £2.26m to £2.69m, and from earnings of 1.82p (1.96p) the dividend for the year is being lifted by 0.1p to 1p via a final of 0.7p.

BRIT BLOODSTOCK
Exceptional interim boost

Pre-tax profits at The British Bloodstock Agency almost trebled in the six months to September 30 1988 from £115,000 to £332,000 following an exceptional credit this time of £373,000 from the sale of the former head office. Turnover was lower at £1.63m, against £2.03m.

After a tax credit of £21,000 (£56,000 debit) earnings per share for this USM-quoted company were 10.1p (1.5p). The interim dividend is unchanged at 2.5p.

SCOTT PICKFORD
Midway decline to £33,468

In its first set of results since joining the Third Market, Scott Pickford has seen interim pre-tax profits fall from £40,348 to £33,468.

Turnover of the company, which provides geophysical and computer services to the oil, gas and minerals exploration industries, rose from £577,360 to £684,791.

However, cost of sales in the six months to September 30 jumped to £81,481 (£35,571) and interest receivable fell to £13,249 (£19,865).

Earnings per 10p share worked through to 0.31p (0.37p). There is no interim dividend.

EUROPA MINERALS
Share placing completed

Kleinwort Benson, sponsor for the main market placing of Europa Minerals, the mining finance company, said the placing had been completed with 5m shares being sold at 100p each to give a projected market capitalisation of £13.3m.

The number of placed shares was greater than Kleinwort Benson had expected earlier this month.

But it was still less than the issue of around 5.5m shares anticipated before Europa postponed its flotation, citing difficult stock market conditions, last December.

Dealings are expected to start on February 7.

DUDLEY JENKINS
Growth from mailing lists

Pre-tax profits 29 per cent higher at £241,000 were reported by Dudley Jenkins Group, a supplier of mailing lists to advertisers in the UK and abroad, for the half year to end-October. Sales rose £730,000 to £2.67m.

Mr Tylan Bahcheli, chairman of the group which joined the USM last April, said that the period had seen steady sales growth from existing clients as well as success in attracting new customers.

An interim dividend of 1p is payable from earnings per 5p share of 3.19p (2.77p).

GT JAPAN TRUST
Asset value and earnings up

G.T.Japan Investment Trust' net asset value was 353p at December 31 (311.2p). Net profits for the half year to end-December rose to £746,000 (£91,000). Interim dividend is increased to 0.5p (0.4p).

DDT GROUP
Emphasis on maintenance

DDT Group, engaged in computer maintenance and distribution, reported taxable profits of £116,000 in the six months to September 30 1988.

The marginal increase from £111,000 came on turnover of £3.59m (£3.54m). Mr James Crook, chairman, said that the restructuring and rationalisation of the group had been completed.

Cityvision acquires video film supplier for £4.5m

By Vanessa Houlder

CITYVISION, the USM-quoted video film hire group, yesterday announced the acquisition of Tredegars Home Entertainment, a supplier of video films to retailers, from Hillsdown Holdings for £4.5m in shares and cash.

Following the acquisition, Cityvision will be the UK's largest buyer of video films for rental, with films on offer in over 2,500 retail outlets.

Tredegars made a pre-tax loss of £17,000 in 1988, after adjusting for interest which will not be payable following the acquisition, and costs and losses relating to a video vending machine division. The net tangible assets are valued at about £4m.

The vending machine division has been sold at net asset value to a new company in which Cityvision has taken a 10 per cent stake.

Cityvision said strong increases in profitability would be achieved from overhead savings, increased stock usage and purchasing power that would result from the combination of Tredegars with Videoserve, its video film leasing operation.

Cityvision is funding the acquisition by the issue of 4.2m new shares, most of which will be placed at 103.5p. The balance will be paid in cash.

FT LAW REPORTS

Restriction on shares are not imposed as a penalty

RE LONRHO PLC
Chancery Division: Mr Justice Hoffmann: December 17 1988

RESTRICTIONS on shares are not imposed as a penalty; and the court will not make an *ex parte* restriction order on the grounds of inaccuracies in shareholders' replies to company requests for particulars of interest if they may be adequately explained on investigation at a full hearing, and if undertakings given by the shareholders are sufficient to protect the company's interests pending that hearing.

Mr Justice Hoffmann so held when refusing an *ex parte* application for an order for the imposition of restrictions on 95m shares in Lonrho plc held by companies in a group controlled by Mr Alan Bond.

Section 212(1) of the Companies Act 1985 provides: "A public company may by notice . . . require a person whom the company knows or has reasonable cause to believe to be . . . interested in shares . . . in the company – (a) to . . . indicate whether or not it is the case . . . (b)(2) A notice under this section may require the person to whom it is addressed (a) to give particulars of his . . . interest . . . (b) . . . other interest".

Section 216: "Where notice is served . . . under section 212 . . . and that person fails to give . . . information required by the notice . . . the company may apply to the court for an order directing that the shares in question be subject to the restrictions of Part XV of this Act [on voting, transfer, further issues, dividends]. (2)Such an order may be made by the court . . . "

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HIS LORDSHIP said that 95m shares in Lonrho were held by companies which formed part of a group controlled by Mr Bond.

They had started to acquire the shares towards the end of September 1988. Notification was given to Lonrho.

Requests were served on Mr Bond and some of his companies under section 212 of the Companies Act 1985 for information about their interest in the shares, the interests of any other person known to them, and any agreements providing for the acquisition of Lonrho shares within section 204.

The replies showed that the shares were being acquired for a company called Bond Corporation Holdings in which Mr Bond had a controlling interest, and that they were being vested in one of its wholly owned subsidiaries called Hurstmere Finance.

Among Mr Bond's interests was a substantial holding in a publicly quoted Australian company called the Bell Group Ltd, which controlled another publicly quoted company called Bell Resources Ltd.

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In the early replies to section 212 notices, no reference was made to interests in the shares being held by companies in the Bell sub-group.

However, on November 14 it was revealed that the beneficial owners of 20m shares vested in Hurstmere was a wholly-owned subsidiary of the Bell sub-group called Wilshire Pty plc.

In a further answer given on November 25 it was said that Hurstmere only held 18.75m beneficially. It held the remaining 76m on trust for Wilshire Pty – that was to say, beneficially within the Bell sub-group.

More recently the Bond companies had announced to the Perth Stock Exchange in Australia that all of the 76m shares now held on trust for Wilshire Pty were acquired for Wilshire beneficially in the first place.

Lonrho applied under section 216 for the imposition of restrictions on the 95m shares in accordance with Part XV of the Act.

Evidence was adduced of an announcement by the Stock Exchange which appeared to show a state of affairs inconsistent with the answers given before November 25.

Mr Crystal for the Bond companies accepted that the answers given earlier were not correct.

They should have revealed the beneficial interest in the Bell sub-group.

He said, however, that that was not the result of any deliberate wish to conceal information; it was rather on account of a misunderstanding in England as to what was happening in Australia or vice versa, and that the answers given to further requisitions and to the Stock Exchange were now correct.

He accepted that the matter would need to be investigated at the full hearing and he offered, pending that hearing, an undertaking not to dispose of the shares in the meanwhile.

Mr Stubbs for Lonrho said that was not enough. In principle it would be right at the present *ex parte* hearing to impose *all* restrictions of Part XV.

Those were extremely severe. They not only prevented any transfer of the shares from being registered, but also disabled the holders of the shares from voting or receiving any dividends.

The banks holding security interests were particularly concerned at the effect of such a restriction on their ability to realise their security if necessary, and to receive dividends by way of servicing their loans.

Mr Stubbs's ground for seeking immediate imposition of the restrictions was that it was desirable to put pressure on the Bond interests to give more information than they had so far given.

Not only did he want a full explanation of why apparently contradictory returns had been given, but he also said he was entitled to further details of section 204 agreements for acquisition of the shares.

In particular he would like to know whether such agreements contained any reference to the possibility of a bid for the company.

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The respondents said he was not entitled to that information and that they had already given all that the Act required them to give.

Mr Stubbs referred to *Re Lonrho [1988] BCLC 53* in which the judge made a restriction order at an *ex parte* hearing, saying there were reasonable grounds for the applicant's belief that full and accurate answers had not been given to all the questions asked.

Mr Stubbs said in the present case the respondents admitted their earlier answers were inaccurate.

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He submitted there was not even a triable issue and no ground as to why the restrictions should not be imposed now.

That did not take into account the discretion which section 216(2) gave the court.

It said the order "may" be made, not that it "must" be made.

It would not be right at this stage to assume that the Bond companies' present position (that whatever inaccurate information might have been given earlier they were now stating the beneficial ownership correctly) was wrong.

If on hearing the motion *inter partes* it appeared likely that full information had been given and that there was an adequate explanation for the earlier inaccuracies, it seemed not unlikely that the court would think it unnecessary to bring down on that holding the full severity of Part XV.

The policy of the Act was that there should be full disclosure, but allowance must also be made for human fallibility.

There was nothing in the authorities which suggested that the court would necessarily impose those penalties on account of any inaccuracy in the information supplied.

That remained to be explored.

At the present stage all the court need do was to avoid any possibility that the investigation might turn out to be nugatory on account of prior disposal of shares.

For that purpose the undertaking offered was sufficient.

For Lonrho: William Stubbs QC and Martin Moore (Stephenson Harwood)

For the respondents: Michael Crystal QC, David Richards and Mark Phillips (Slaughter and May); Mark Hapgood (Linklaters & Paines); Gavin Lightman QC and Leslie Kosmin (SJ Berwin)

Person registered as a shareholder becomes a company member

RE NUNEATON BOROUGH ASSOCIATION FOOTBALL CLUB LTD
Court of Appeal (Lord Justice Fox, Lord Justice Ralph Gibson and Lord Justice Nicholls): December 21 1988

A PERSON who is allotted shares in a company and is registered as a shareholder "agrees" to become a member, though there is no contract between him and the company, and he therefore has *locus standi* to petition for an order that the company's affairs are being conducted in a manner prejudicial to some of the members.

The Court of Appeal so held when allowing an appeal by the petitioner, Mr Joseph Shooter, from the order of Mr Michael Wheeler QC, sitting as a deputy Chancery Division judge, striking out a petition relating to a company, the Nuneaton Borough Association Football Club Ltd. The respondents to the petition were the company, Mr Noel Kelly and others who were, or claimed to be, shareholders. Mr Kelly was respondent to the striking out appeal.

LORD JUSTICE FOX said that on February 20 1987 Mr Shooter presented a petition in relation to the company's affairs, under section 459 of the Companies Act 1985.

The section provided that "a member" of a company might petition for an order that the company's affairs were being conducted in a manner prejudicial to some of the members.

Section 22(2) of the Act provided that "a member" included a person "who agrees to become a member of the company and whose name is entered in its register of members".

Mr Noel Kelly applied to strike out the petition on the ground that Mr Shooter was not competent to present it.

The issue was whether Mr Shooter was a member of the company within section 22(2).

The deputy judge concluded reluctantly that he was not. He observed that Mr Kelly, the driving force in the company since 1976, appeared to have done very little or nothing to answer Mr Shooter's very pertinent enquiries regarding the conduct of the company's affairs; and that it was the almost total failure to observe the simplest of legal requirements, particularly with regard to the holding of general meetings and the conduct of directors' affairs, which had led to the chaos which enabled Mr Kelly to attack Mr Shooter's status as a petitioner.

In 1986 Mr Kelly had intimated to Mr Shooter, a football supporter, that the company was in financial difficulties and would need an injection of capital. Mr Shooter offered to subscribe for 10,000 £1 shares at par. Mr Kelly offered Mr Shooter the post of vice-chairman of the board of directors.

In September 1986 Mr Shooter was appointed vice-chairman and co-opted on to the board.

On October 30 at a meeting of directors at which Mr Kelly presided, it was resolved that 10,000 ordinary £1 shares should be allotted to Mr Shooter. Mr Shooter paid the company £10,000 in respect of those shares and was registered as a shareholder.

On November 7 he agreed to purchase another 10,000 shares from a Mr Gallagher. Those shares were transferred and the share certificate was delivered to him.

The transfer was presented by Mr Shooter to the company not later than the end of November, but it had never been registered. Those shares therefore did not avail him for the purpose of section 22(2).

The shares allotted to him in October, however, were registered in his name. The question was whether Mr Shooter agreed to become a member of the company.

It was said that "agrees" in section 22(2) was not satisfied by mere assent but required a contract between the petitioner and the company, and that there was not at any relevant time a properly constituted board of directors competent to authorise such a contract.

The deputy judge held that the section contemplated an agreement "in the technical sense" between the prospective member and the company. It was uncertain whether by that he meant a contract, or some bilateral agreement falling short of a contract. Mr Kelly's case was that a contract was necessary.

A contract was not necessary. The section made no reference to any bilateral element. It merely required the agreement of the person to become a member. The company having seen fit to register him as a member, that was enough until the register was rectified by removal of his name – at which point he ceased to be a member.

As a matter of English, "agrees" was satisfied by mere assent. The Shorter Oxford Dictionary included "to accept favourably, to accede to, to consent to", among the meanings of "to agree".

The result seemed workable and reasonable in practical terms and there was no need for a contract requirement.

The authorities gave support to the view that assent to registration as a member was sufficient to satisfy "agrees" in section 22(2). (See *Re Railway Timetables Publishing Company 42 Ch D 98; re Disderi 11 Eq 242; Re James Pilkin & Co 44 LJ 318*).

Further, there were difficulties in applying the "contract" interpretation of "agrees" to a transfer of shares, as opposed to an allotment. If there had to be contract, with whom was it to be? Presumably with the company. But all that the transferee did in relation to the company was to tender the transfer for registration.

The result was that Mr Shooter did agree to become a member of the company and was entered on its register of members. Accordingly when he presented the petition he was a member of the company as defined in section 22(2).

Therefore, the motion to strike out failed.

Suppose, however, that that construction of section 22(2) was wrong. Affidavit evidence filed on behalf of Mr Shooter stated that examination of the company's papers led to the conclusion that it had been without a valid board of directors since November 1976, and that all purported directors' appointments and share issues since that date had been invalid.

The deputy judge held that in the face of that conclusion it was not open to Mr Shooter to argue the contrary. His 10,000 shares were part of an issue made in 1985. His Lordship did not take that view. The evidence before the court must be looked at more widely. Although Mr Kelly relied on the statement that the company had no valid board of directors since November 1976 his own affidavit asserted that the company's affairs had been regularised by May 1978.

On the evidence, including Mr Kelly's own evidence, it was not possible on an interlocutory application to determine the true position as to the company's constitution. The position was complex and the outcome debatable. That being so, it would not be just to proceed on the basis of only part of the evidence. There were arguable matters for trial.

The petition should not be struck out, and the appeal should be allowed.

LORD JUSTICE NICHOLLS agreeing, said there was no justification in the language of section 22(2), or in the context, for the existence of a prior binding contract being a prerequisite to membership.

The language was wholly apt to stipulate the need for the would-be member's consent.

As to context, two points could be noted. First, Mr Kelly's construction of section 22(2) did not produce a workable result in the case of a person who acquired his shares from a transferor. In the normal way, a transferee did not enter into a binding contract with the company prior to being entered on its register.

Second, a company and its member were bound by the memorandum and articles to the same extent as if they had been signed and sealed by each member. That a person should not be so bound unless he had first consented, expressly or impliedly, was eminently sensible and unexceptional.

Moreover, the subsection protected the company's position by stipulating that a further requisite of company membership was entry in the register. Against that background there was no need for a requirement that in addition to entry on the register with the consent of the person in question, there must always be a prior binding contract between the company and the would-be member.

LORD JUSTICE FOX also agreed.

For Mr Kelly: EC Evans-Lombe QC and John Briggs (Varley Hibbs & Co, Coventry)

For Mr Shooter: (Robin Potts QC and Victor Joffe (Richard Haynes & Coopers, Coventry)

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

NFU attacks 'misleading' farm income figures

By **Bridget Bloom**, *Agriculture Correspondent*

THE BRITISH Government's suggestion that declining farm incomes are being made up from non-farming sources was both misleading and unjustified, the National Farmers' Union said yesterday.

In a new report published on Monday the Ministry of Agriculture revealed a 25 per cent decline in Britain's aggregate farm income last year but pointed out that the Inland Revenue figures showed that between 50 and 60 per cent of farmers' incomes on average came from non-farm sources, including investments, pensions and other employment.

In a statement reacting to the report, the NFU said that the Inland Revenue figures did not distinguish between full- and part-time farmers.

It claimed the inclusion of 113,000 part-time holdings – which account for 44 per cent of total farm holdings but only some 3 per cent of farm output – greatly distorted the picture.

It was both a misleading and unjustified approach, the union said, since it suggested that all farmers had scope to supplement their farm income from external sources. This was unlikely to be the case for most full-time farmers, an NFU official maintained.

Mr Simon Gourlay, the NFU president, said that earnings from "pensions and other occupations had no bearing on the economic condition of farming."

On a separate point, Mr Gourlay noted that the ministry had fairly shown variations in income between farm sectors but had failed to draw the proper policy lessons from this.

Mr Gourlay suggested that the reason why dairy producers had rising incomes was because milk quotas had cut production and stocks and helped guarantee farmers a reasonable income. That contrasted with the "disastrous" impact on arable farmers of price cutting and other reform measures which did not include "supply management".

Agriculture in the UK: 1988. HMSO, £7.60.

Dutch climb North Sea league

By **Laura Raun** in Amsterdam

THE NETHERLANDS last year surged past Norway to become the second most active and successful country in offshore drilling activity in the North Sea, after the UK, according to a study released by County NatWest/Wood Mackenzie.

The upturn in the Dutch sector should continue this year as a major project, NOGAT, gets under way and the seventh round of licenses is announced, the study predicts. NOGAT involves NAM, jointly owned by Exon and Shell, Elf Petroland and DSM, the Dutch chemicals company, in a $1.4bn gas-gathering pipeline project to tap prospects in the northern part of the Dutch sector.

Energy activity in north-west European sectors of the North Sea is still modest compared with the UK sector, but it is growing in importance. The total number of wells outside the UK jumped 24 per cent to 126 in 1988, although that is still only around half the number in the UK sector.

In the Dutch sector wells nearly doubled in number to 62 in 1988 from 35 the year before and rose 2½-fold to 49 in the Norwegian sector. Denmark came next with 10, followed by Ireland with three and West Germany with two.

The Netherlands achieved a success rate of roughly 50 per cent in its exploratory wells, compared with Norway's 20 per cent.

Norway enjoyed more success in appraisal drilling, however, as reserves were found in the Ula and Njord fields and an oil reservoir was confirmed south of Eldfisk.

County NatWest/Wood Mackenzie predicts that exploratory activity in north-west European sectors of the North Sea will remain at about the same level this year as in 1988. Work in the Netherlands is forecast to continue at a high level into the early 1990s as a result of the seventh licensing round, which drew a record number of applicants. Results will be announced at the end of this year.

Dutch activity is buoyant for several reasons, according to County NatWest/Wood Mackenzie, which has earned a reputation for accurate studies of the north sea offshore industry.

One reason is that exploration and development costs are relatively low due to the shallow water on the Dutch continental shelf.

Another is that an extensive pipeline infrastructure allows small gas prospects to be tapped economically.

Thirdly, gas contracts are won more quickly than in the UK or Norwegian sectors because Dutch government policy is aimed at developing offshore fields while preserving the huge Groningen field onshore.

THE STATE-OWNED Turkish Petroleum Corporation has made a substantial find of light oil at Kahta, in the south-east of the country, which could increase its production by around 46 per cent to 2.2m tonnes annually, writes Jim Bodgener in Ankara.

The potential of the field will not be fully revealed, however, until the third of three wells is completed in the spring.

This could provide a significant boost for Turkey's current account, already in surplus to the tune of US$746m in the first 11 months of this year.

Crude oil forms the bulk of the 40 per cent of total energy requirements that Turkey is forced to import.

The country's oil bill in the first 11 months of 1988 amounted to $2,195m, compared with $2,479m in the same period of 1987.

Belize aims to boost citrus output

By **Canute James**, in Kingston, Jamaica

BELIZE IS expanding the acreage under citrus, aiming for a 30 per cent increase in production by 1992.

The plans are based on increasing the current area under orchards from the current 18,000 acres to 25,000 acres by 1991.

The industry says the expansion will lift output from last year's 2m boxes (42 lb per box) of oranges and grapefruit, to about 3m boxes. Output last year was a 500,000 boxes below 1987, but is expected to recover to just under 2.5m boxes this year.

Belize ships most of its citrus in the form of concentrated juice to its neighbouring Caribbean Economic Community partners, and to the US, which allows the product duty free entry under a special trade programme for the Caribbean.

The Philippines' sleeping nickel giant

Richard Gourlay on moves to reactivate the mothballed Nonoc complex

STANDING IN the silence beneath Nonoc Nickel Corporation's rusting ore roasters or moving past motionless cranes across its abandoned mine it is hard to believe life will ever stir again on this southern Philippine island.

Laundry belonging to a guard's family hangs from idle conveyor belts and grass grows on ore dumped nearly three years ago when, with nickel at $1.80 a lb, the company ran out of cash for the last time and Nonoc was mothballed.

But with nickel prices above $8 a lb there is renewed interest in coaxing Nonoc's 68m lb a year refinery back to life.

Tomorrow the Government's Asset Privatisation Trust (APT), will hold a second public tender for the refinery and operating rights. At the first tender on January 12 Mr Alan Bond, the Australian businessman, offered $320m but provided less than the required deposit. The Philippines Government took that as a signal that Mr Bon wanted to negotiate a sale.

Then late in January, following a four day visit to the island, Mr William James, the chairman of Falconbridge of Canada, told Nonoc officials that he would try to convince his board to bid at the second tender.

The interest does not, however, appear to have swept away market scepticism. Some market observers doubt that Nonoc will ever reopen, mainly because of the huge rehabilitation costs.

Estimates range from Nonoc's own figure of $53m and Mr Bond's "over $100m" to a staggering $235m projected by the latest Falconbridge team. That team included engineers from Sherritt Gordon of Canada, the co-designer of the plant which helped operate Nonon from 1974.

NONOC NICKEL PRODUCTION

	Days operated	tonnes per day	total output (tonnes)
1986	80	38.3	2,907
1985	365	46.6	16,995
1984	106	36.0	3,182
1983	215	45.2	9,728
1982	302	37.5	11,317
1981	334	64.1	21,415
1980	361	70.3	25,379
1979	351	61.2	21,480

Source: Nonoc

The biggest problems result from corrosion that took hold even before the shut down. "Between 1980 and 1986 there was not enough money to do required maintainance," Mr Rodolfo Recolizado, the resident mine manager said. The APT's $110,000-a-month "preservation budget" has been enough to maintain only the least easily replaced operating parts, APT executives say.

Nevertheless, the figures leap from the page. Assuming a nickel price of $6 a lb (some $2 below the current level) and that the main costs – coal, fuel oil, naphtha, ammonia and interest rates – remain at current levels, Nonoc would generate a $200m annual contribution towards capital costs.

Forecasting whether these assumptions will hold is only half the battle potential investors face, however. According to Mr Matheson, the executive director of Dallhold Nickel Management, the subsidiary of Mr Bond's family investment company that bid for Nonoc, the Government still has to clarify some key factors. For example will it extend a five year tax holiday which expired in December 1988 and will it guarantee availability of foreign exchange for raw material imports?

There are also outstanding claims from Phibro and Marc Rich, two Nonoc creditors when it was part of Marinduque Mining Corporation, and a new claim by the former owner, Mr Jesus Cabarrus, that the government banks foreclosed illegally in 1983.

"The system of tendering appears to be totally inappropriate to dispose of an asset with that kind of value in that kind of condition," Mr Matheson said explaining why Dallhold entered a qualified bid.

Nonoc estimates that it has 49m tonnes of laterite ore reserves bearing 1.22 per cent nickel, enough to keep the refinery operating at design capacity for 16 years. It would produce about 5 per cent of current world nickel output and 3 per cent of the world's cobalt.

The 60 hectare plant complex is one of three refineries in the world using an ammonia leach process, but unlike Nicaro in Cuba and Queensland Nickel, a Dallhold-controlled company, Nonoc uses a hydrogen reduction process to purify the nickel.

Despite the huge costs Nonoc is probably closer to restarting than at any time since it was mothballed. Its management argues, with some justification, that Nonoc was constantly plagued by bad luck, undercapitalisation and political interference and that a fresh start would make it a great asset for an investor and the Philippines.

When Nonoc opened in 1974 the first Arab oil crisis, the previous year, had immediately tripled its expected energy costs. From that time it was constantly short of operating cash, even in its best years between 1979-81, according to Mr Recolizado.

Cash flow deteriorated further in 1983 when a sharp devaluation of the Philippine peso landed Nonoc with a $311m foreign exchange loss. At the same time interest charges on a $130m loan to convert the plant to coal power shot up after Nonoc was forced by then President Marcos to transfer its debts to the Philippine National Bank and the Development Bank of the Philippines. At times these government banks charged interest rates of 42 per cent.

Mr Lauro Perez, the APT's representative in Nonoc and the mine manager in 1983, believes Mr Marcos deliberately drove Nonoc into bankruptcy in order to take over the country's only heavy industry not already in his control.

By March 1986 the strike over delayed payment of wages that finally closed Nonoc came only weeks before the refinery would have ground to halt from lack of cash anyway.

"As a result we missed the $11 nickel, the $12 oil and by mid-1987 our estimates of the rehabilitation costs had risen to $27m," says Mr Tony Ellar, Nonoc's process manager.

Judging by the number of visits to Nonoc, Bond and Falconbridge appear to be the most interested. However, the 79-year-old Mr Cabarrus revisited the refinery once with Chinese backers and two Korean consortia, neither of which have visited the plant, are believed to have an interest. Soviet interest appears to have evaporated since its nickel experts were refused access to the plant last November, apparently for political reasons.

Meanwhile people in the now run down nearby town of Surigao are acutely aware that their silent refinery may remain silent. They seem to sense Nonoc management's fears that if the mine does not receive fresh capital this year then the rehabilitation costs may grow so much that it never will.

Chinese demand fuels surge in vanadium prices

By **Kenneth Gooding**, *Mining Correspondent*

TRADERS SUGGEST an element of panic took hold of the vanadium market last week as record prices failed to flush out enough metal. Vanadium had already skyrocketted in the past year, driven by unexpectedly high demand and the virtual disappearance of supplies from China which until 1986 accounted for about 10 per cent of the non-Communist market.

The free market price of ferrovanadium, which two years ago was about $12 a kilogram, moved above $50 in the past week, according to traders.

However, the panic was caused when the vanadium pentoxide price touched $11 a lb under pressure from consumers in western Europe, the Far East and the Soviet Union.

The impact on consumers was limited, though, because they buy most of their vanadium directly from producers at much lower prices.

But market conditions enabled Highveld Steel and Vanadium, part of the Anglo American Corporation of South Africa and the largest individual supplier, to lift its price for pentoxide for the first quarter of 1988 from $4 a lb to $4.50.

Vanadium is used in steel for pipelines, pressure vessels, bridges, highways, buildings and reinforcement bars as well as forgings and tools. It is the main alloy in titanium alloys used for high strength-high temperature applications in aircraft and vanadium catalysts are used in the production of sulphuric acid and of vulcanised rubber.

South Africa, accounting for about 47 per cent of mine production, and the Soviet Union, 30 per cent, are the major producers of vanadium, mainly as a by-product of other metals, especially iron or uranium. Output therefore depends on the economic production of the main metals. Vanadium is also recovered from tar sands and oil and dolomitic shales.

The high level of economic activity in the industrialised countries played its part in the sharp rise in the vanadium price but Mr John Cox of Wogen Resources, the London trader, suggests the most significant change in the market is that the Chinese steel industry is using much more of that country's vanadium, forcing it to become a net importer.

There have been rumours that the supply tightness is being exacerbated by Highveldt limiting vanadium. However, Highveldt yesterday denied this was the case, and said its plants were operating at capacity. "The current world shortage of vanadium stems from the very large increase in consumption balanced against China's apparent failure to deliver according to expectations," the company added.

Shortages of vanadium raw materials encouraged the Strategic Minerals Corporation (Stratcor) temporarily to re-open its Hot Springs mine in Arkansas last month but modernisation of the nearby processing plant – to cope with a wide variety of vanadium-bearing materials – has not progressed as fast as expected.

In the longer term capacity increases at other plants, including Kerr-McGee's operations in Idaho and Stratcor's Propara joint venture in Venezuela, will ease the supply tightness. Mr Cox suggests vanadium prices "will stay strong but not remain at these ridiculous levels."

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,050-2,125 (2,000-2,125).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 6.65-6.80 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, ingots 8.10-8.30 (8.30-8.50), sticks 8.10-8.30 (8.30-8.50).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 7.65-7.85 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 275-290 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.53-3.56 (3.50-3.53).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 8.20-8.70 (8.95-9.15).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO, cif, 55-64 (same).

VANADIUM: European free market, min. 98 per cent, VO, cif, 10.45-11.25 (10.00-10.95).

URANIUM: Nuexco exchange value, $ per lb, UO, 14.15 (same).

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC prices firmed on the London Metal Exchange following Monday's retreat from recent highs. Merchant buying and a rally in copper lifted the market, which remains underpinned by good physical demand and tightness of supplies. The copper rally followed a sharp rise on Comex on rumours of a strike at the state-owned Enami refinery in Chile. Aluminium prices also edged ahead on the back of copper in the afternoon. Coffee prices closed ahead, but off the day's highs following profit-taking and chart-inspired selling. Dealers said limited availability of nearby robusta coffee underpinned the market throughout a generally routine session. The highs were reached after sterling's late downturn and gains in New York. Cocoa prices continued downwards, partly in response to the collapse of the ICCO talks last week.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.90-3.97z	-.245
Brent Blend	$16.25-6.35w	-0.45
W.T.I. (1 pm est)	$17.10-7.15z	-0.45
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$184-186	
Gas Oil	$141-142	-1
Heavy Fuel Oil	$72-74	
Naphtha	$159-161	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♦	$394.25	
Silver (per troy oz)♦	584c	
Platinum (per troy oz)	$523.25	+7.25
Palladium (per troy oz)	$139.50	+4.50
Aluminium (free market)	$2265	-20
Copper (US Producer)	122½-127½c	-3½
Lead (US Producer)	40c	
Nickel (free market)	800c	-40
Tin (European free market)	£4575	+10
Tin (Kuala Lumpur market)	23.51r	+0.02
Tin (New York)	361.5c	+1.0
Zinc (US Prime Western)	76½c	
Cattle (live weight)†	108.30p	-0.66*
Sheep (dead weight)†	140.28p	+0.92*
Pigs (live weight)†	77.25p	+0.84*
London daily sugar (raw)	$242.0x	
London daily sugar (white)	$282.5x	+2.5
Tate and Lyle export price	£245.0	-0.5
Barley (English feed)	£112w	-1
Maize (US No. 3 yellow)	£132.5w	
Wheat (US Dark Northern)	£124.25v	
Rubber (spot)♥	62.50p	-0.25
Rubber (Mar)♥	72.50p	
Rubber (Apr)♥	73.00p	
Rubber (KL RSS No 1 Feb)	315.5m	+0.5
Coconut oil (Philippines)§	$645v	
Palm Oil (Malaysian)§	$402.5q	+2.5
Copra (Philippines)§	$360	
Soyabeans (US)	$184	
Cotton "A" index	64.80c	-0.15
Wooltops (64s Super)	665p	+5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Mar. w-Feb. v-Apr/May. u-Mar/Apr. q-Apr/Jun. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♦ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	825	843	840 824
May	839	853	849 833
Jul	832	835	833 825
Sep	831	835	833 823
Dec	841	846	845 835
Mar	844	852	850 843
May	856	860	858 852

Turnover: 7655 (6436) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Jan 30: 1114.84 (1115.59); 10 day average for Jan 31: 1085.08 (1078.44).

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1205	1190	1210 1108
Mar	1186	1165	1205 1165
May	1163	1142	1180 1150
Jly	1148	1123	1152 1139
Sep	1136	1125	1143 1137
Nov	1130	1118	1139 1127
Jan	1123	1118	1130 1127

Turnover: 2477 (2535) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Jan 30: Comp. daily 122.88 (121.98); 15 day average 123.94 (124.45).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Mar	232.60	218.00	232.60 232.00
May	233.00	220.40	234.00 220.40
Aug	233.00	220.60	232.00 219.40
Oct	231.00	219.00	231.00 219.00
Dec	229.00	217.00	216.00
White	**Close**	**Previous**	**High/Low**
Mar	287.50	280.00	286.00 275.50
May	279.00	270.00	277.50 266.50
Aug	277.00	266.80	272.50 267.50
Oct	270.00	261.00	262.00 261.00
Dec	265.00	255.00	[illegible]
Mar	262.00	254.00	252.00

Turnover: Raw 2660 (4034) lots of 50 tonnes. White 4237 (2871). Paris- White (FFr per tonne): Mar 1790, May 1795, Aug 1795, Oct 1670, Dec 1650, Mar 1645.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
2150	189	161	15	67
2250	99	100	43	112
2350	41	69	95	170
Copper (Grade A)	**Calls**		**Puts**	
[illegible]	275	233	23	152
[illegible]	137	144	83	239
[illegible]	55	84	196	394

JUTE

February/March 1989 c and f Dundee BTC $475, BWC $465, BTD $435, BWD $435; c and f Antwerp BTC $455, BWC $445, BWD $400, BTD $410.

COTTON

Liverpool- Spot and shipment sales for the week ended January 27 amounted to 322 tonnes against 779 tonnes in the previous week. Buying was irregular. Slow trading persisted in Sudanese goods.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 12,475 tonne
Cash	2285-90	2275-80	2258	2265-6		
3 months	2260-4	2252-5	2265/2225	2245-50	2255-60	25,401 lots
Copper, Grade A (£ per tonne)						Ring turnover 51,400 tonne
Cash	1903-5	1882-4	1873/1868	1873-5		
3 months	1808-9	1803-4	1814/1778	1780-2	1813-4	64,740 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	579-82	579-82		581-4		
3 months	592-5	592-5		594-7		369 lots
Lead (£ per tonne)						Ring turnover 10,085 tonne
Cash	371-2	375-6	372/368	367.5-8		
3 months	372.5-3	379-9.5	378/370	371-1.5	375-6	8,698 lots
Nickel ($ per tonne)						Ring turnover 2,868 tonne
Cash	17800-8000	17500-600	17800/17750	17700-50		
3 months	17650-900	17700-50	17950/17550	17650-700	17800-50	5,824 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 3,475 tonne
Cash	1910-20	1885-75	1875/1870	1875-80		
3 months	1855-60	1800-5	1860/1855	1815-6	1860-75	3,564 lots
Zinc ($ per tonne)						Ring turnover 10,775 tonne
Cash	1825-30	1795-800		1792-5		
3 months	1780-2	1750-5	1800/1735	1740-5	1795-800	11,986 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	50.0		50.0 48.0
Apr	70.2	69.0	71.5 69.0
May	81.0	79.4	82.0 79.5
Nov	88.0	87.0	88.5
Feb	95.0		95.0

Turnover 337 (161) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	165.00		
Apr	165.50	165.50	166.00 165.00
Jun	162.00		
Aug	159.50		
Oct	155.00		155.00

Turnover 300 (40) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jan	1624	1625	1624
Feb	1576	1580	1582 1572
Apr	1618	1618	1630 1613
Jul	1425	1430	1445 1425
Oct	1550	1550	1550
Jan	1585	1570	1575 1560
BFI	1619	1619	

Turnover 565 (540).

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	112.80	111.45	112.65 111.55
May	116.30	115.15	116.40 116.00
Jul	116.65	116.00	117.00
Sep	102.35	102.70	102.50 102.35
Nov	104.90	105.10	104.90 104.85
Jan	108.30	108.60	108.30 108.00
Barley	**Close**	**Previous**	**High/Low**
Mar	110.00	108.05	110.00 107.90
May	111.70	110.05	111.70 109.90
Sep	99.60	99.85	99.60
Nov	102.40	102.75	102.40

Turnover: Wheat 337 (355), Barley 108 (67). Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	394-394½	225½-226
Opening	394½-395	224½-224¾
Morning fix	394.65	224.374
Afternoon fix	394.05	224.374
Day's high	395-395½	
Day's low	393½-394	
Coins	**$ price**	**£ equivalent**
Mapleleaf	405-410	231-234
Britannia	405-410	231-234
US Eagle	405-410	231-234
Angel	405-410	231-234
Krugerrand	393-396	224-226
New Sov.	92½-93½	52½-53½
Old Sov.	92½-93½	52½-53½
Noble Plat	527.30-536.10	299.25-304.25

Silver fix	p/fine oz	US cts equiv
Spot	331.95	584.75
3 months	342.45	598.40
6 months	354.05	612.85
12 months	373.25	642.25

CRUDE OIL $/barrel

	Close	Previous	High/Low
Mar	16.81	15.98	16.11 15.85
Apr	16.33	15.68	15.77 15.55
IPE Index	16.97	16.32	

Turnover: 4331 (3305)

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	144.50	145.00	145.50 143.75
Mar	142.25	142.50	143.50 141.50
Apr	138.50	139.75	139.75 138.50
May	135.75	136.00	137.25 135.50
Jun	134.00	134.00	135.75 133.50
Jul	133.50	133.50	133.50
Aug	133.00		135.75

Turnover 5076 (5088) lots of 100 tonnes.

US MARKETS

HEAVY TRADE and local selling, prompted by a strong dollar and lower crude oil, sent most of the metals lower, reports Drexel Burnham Lambert. Commission house buying along with fund selling were featured in a sideways copper market. In the softs, sugar futures rose sharply on reports of crop damage from a passing storm. March sugar gained over 70 points as trade buying elected buy stops to fuel the rally. Volume exceeded 36,000 for the session. Cocoa prices fell with speculative sellers seen throughout the day. Rumors of changes in Brazils export personnel weakened the coffee market. The grain markets advanced as reduced expectation in the Argentine soy crop and favourable US weather helped strengthen the soy complex. Maize and wheat futures were up in slower trading. The meat markets all posted higher prices due mostly to expectations that the out of town storage report will be favourable. Cattle futures gained on follow through buying from yesterdays firm cash markets. The energy markets were lower on steady trade selling.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	144.40	143.95	146.50	146.50
Mar	142.90	142.45	145.30	140.05
Apr	137.70	0	0	0
May	132.50	132.90	134.80	131.00
Jul	126.50	127.30	128.80	125.70
Sep	122.10	122.90	123.80	121.00
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 30	Jan 27	mnth ago	yr ago
1975.9	1953.1	1976.1	1756.5

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.60	140.07	143.01	128.89
Futures	141.41	141.76	145.36	132.76

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
Mar	772/6	760/4	774/0
May	784/4	771/6	786/0
Jul	792/4	781/2	793/0
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Signs of strain in the rising market

THE UK equity market closed higher yesterday for its ninth gain out of the past ten trading sessions, although signs of strain in the trading arena became more prominent in the form of increasing volatility in prices and renewed hints of pressures at securities firms. Some of the London securities groups which recently restricted share bargain sizes to non-institutional clients have found trading more difficult as the market has surged ahead.

The UK institutions again made forays into the market, but share prices were also spurred ahead by a lack of stock on market makers' books. The FT-SE Index gained more than 26 points by mid-session, peaking during the period of settlement of the striking price on the FT-SE Index January option. The Footsie Index then fell off sharply, losing ground as Wall Street opened lower. Also unsettling London market sentiment nervous of rights issues at home, was the news of a fund raising in the German market by Deutsche Bank.

At the close, the FT-SE Index was still 8.9 up at 2051.8, after moving between 2069.4 and 2044.2. This represented a further cut into the 250 point fall suffered on Black Monday in October 1987, but leaves the pre-Crash close of 2301.9 still presenting a formidable citadel on the horizon.

Seaq turnover of 895.6m shares, which includes both intra-market and retail business, compared with 1.1bn on Monday. Daily equity retail business by value reached £2.2bn on Friday, the latest session for which statistics are available, and a level not seen since the Crash.

Many market specialists believe equities are now "overbought", and the recent volatility in share prices indicates the nervousness of traders and their readiness to back away.

Many UK investment institutions, which were as much as 12 per cent liquid at the turn of the year, came relatively late to the recent upturn in equities and are believed to have found difficulty in buying stock against the background of a steadily rising market.

Suggestions of staff layoffs at a major marketmaker unscathed to date joined hints of similar problems elsewhere earlier this week. Some big major firms which have reduced bargain sizes to fellow market traders are now finding it hard to pass on their institutional trades.

While most of the blue chips held on to at least a part of the gains scored early in yesterday's session, the rest of the market began to look ragged towards the end of the day. Speculative situations played a less active role, with the notable exception of the paper and printing sector, where Reed International moved ahead on renewed hints of a management buy-out or a consortium bid.

Account Dealing Dates

*First Dealings:	Jan 16	Jan 30	Feb 13
Option Declarations:	Jan 26	Feb 9	Feb 23
Last Dealings:	Jan 27	Feb 10	Feb 24
Account Day:	Feb 6	Feb 20	Mar 6

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Jan. 31	Jan. 30	Jan. 27	Jan. 26	Jan. 25	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	86.43	86.57	86.78	86.39	86.53	89.35	91.43 (18/4/88)	86.16 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.17	97.09	97.12	97.25	97.03	95.69	98.67 (25/5/88)	94.14 (6/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1574.4	1566.4	1638.9	1601.3	1580.8	1420.1	1591.2 (30/1/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	169.3	170.6	173.9	173.2	171.0	257.3	312.5 (7/1/88)	160.7 (3/1/89)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dv. Yield	4.39	4.41	4.49	4.60	4.64	4.39				
Earning Yld %(full)	11.01	11.06	11.23	11.50	11.65	11.09				
P/E Ratio(Net)(*)	11.01	10.96	10.81	10.55	10.37	11.02				
SEAQ Bargains(5pm)	46,653	49,903	50,982	33,773	39,241	24,230				
Equity Turnover(£m)†	-	2226.30	2229.66	1532.25	1948.92	1012.51				
Equity Bargains†	-	61,587	62,787	36,425	41,020	26,548				
Shares Traded (ml)†	-	949.4	899.2	603.6	718.9	369.0				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1569.4	1578.8	1581.1	1579.2	1578.7	1580.3	1581.3	1572.8

DAY'S HIGH 1589.3 DAY'S LOW 1567.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 10.95 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Jan.30	Jan.27
Gilt Edged Bargains	120.4	131.3
Equity Bargains	359.06	342.0
Equity Value	4499.9	4506.7
5-Day average		
Gilt Edged Bargains	118.7	118.3
Equity Bargains	295.3	262.7
Equity Value	5745.3	3378.0

● London Report and latest Share Index: Tel. 0898 123001

Sentiment against Ferranti

Ferranti stole the honours in a relatively listless electronics and defence arena with the shares badly affected by a major "sell" recommendation issued by Kleinwort Benson, and at least two other downgradings - one from County NatWest and the other from UBS Phillips and Drew.

It was the Kleinwort Benson sell note, by Christopher Tucker, that did the real damage, dealers said. Ferranti shares were sold down hard to around the 100p mark, before ending a difficult day a net 4 off at 101p with turnover coming out at 6.3m.

Mr Tucker says: "The market has been consistently too optimistic about some of the long-term developments such as CT2 (cordless telephone) and has paid little regard to the underlying fundamentals."

He adds: "With a stretched balance sheet and the prospect of very little growth over the next two years, the shares look overvalued. We see little justification for the bid premium and believe the stock deserves a below-average rating."

County NatWest downgraded the stock from a "buy" to a "hold"; "in the light of the additional costs Ferranti will incur during the development of its CT2 operation, we are reducing our pre-tax forecasts to £93m for 1988-9 and £108m for 1989/90 (previously £100m and £115m respectively)."

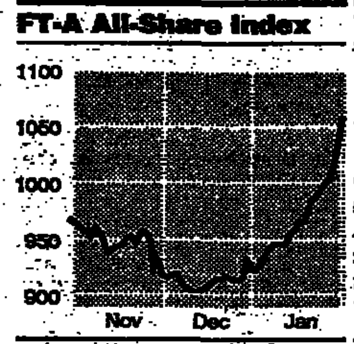
Northern Foods

Food stocks were actively traded throughout the day, buoyed by confirmation that Derby group Hazlewood Foods had sold its 3.3 per cent stake in Northern Foods, the milk and diary producer based in Hull. The 7.3m shares were placed with a number of institutions at 306p, and by the close Hazlewood were 9 better at 255p and Northern a halfpenny firmer at 311p on turnover of 17m shares.

Dealers said that the deal appeared to be good news for both companies, although it probably removes what bid premium there was from the Northern Foods price. The significant feature of the deal was the price at which the stake was sold, said one dealer, because "the institutions obviously did not need much of a discount to persuade them to take it."

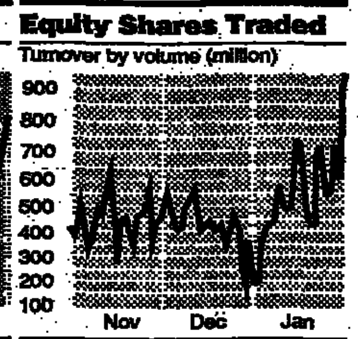
Northern Foods, its shares already tightly held by several large institutions, should now be virtually bid proof, remarked the dealer, and the stock looked a good long-term investment. Hazlewood, which was said to have once harboured thoughts of a bid for Northern, reported that it had made a "small profit" from the sale.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Rank unshaken

News emanating from Connecticut USA that Xerox, the US group which provides Rank Organisation with a substantial part of its profits - in excess of £150m last year - is making a £270m provision for re-organisation and restructuring, caused a tremor in the UK company's share price. However, Rank closed a net 8 higher at 837p. Turnover in Rank stock totalled just over 3m shares, continuing the high levels of recent days.

London-based analysts took a relaxed view of the Xerox news - "The impact on Rank will, at the very worst, come out at £15m, below the line. Whilst it is not good news, it is not too much to worry about" said one. "After the recent splendid performance by Rank stock we will probably now see some consolidation."

Last week Rank unveiled profits up from £208.5m to £252m at the very top end of market forecasts.

The bank sector maintained its recent strong progress but tended to come off its best levels during a busy afternoon session. "The sector is now looking very tired, it's gone too far, too quickly; perhaps the forthcoming preliminary figures will bring us some good news," was the comment from one trader in the sector.

Midland, one of last week's best performers, came under profit-taking pressure and closed 5 down at 464p on turnover of 2.9m. Barclays edged up 3 more to 472p, Lloyds the same amount to 376p and NatWest, shrugging aside the recent spate of bad publicity on its investment banking activities, raced up 10 to 599p.

Profit-taking lowered TSB 1½ to 123½p. Merchant banks, among the market's strongest performers on Monday, made further early progress, before coming off their best levels towards the close. Kleinwort Benson settled another 2 harder at 323p, while SG Warburg, heavily bought on Monday after a strong "buy" recommendation issued by Graeme Moyse and Wayne Gerry at Kleinwort Benson, touched 340p early on before settling a net 2 off at 333p. The Kleinwort duo say Warburg's corporate finance division "continues to perform well; its securities business, one of the more significant forces in the market, will be well placed to benefit from new regulations in marketmaking."

News that West Germany's Deutsche Bank is raising some £390m via a rights issue triggered a wave of buying of Morgan Grenfell, on suggestions that Deutsche Bank may use its near 5 per cent stake as a bid platform; Morgan shares picked up a few pence to 304p, while there was support for Morgan shareholders Willis Faber (with almost 21 per cent of Morgan) which added 6 at 251p. Dewey Warren, with 5.6 per cent of Morgan, eased a shade to 106p.

There were whispers in the market that Transamerica, which has a near 40 per cent stake in Sedgwick, the insurance broker, may well decide to make a full bid for the UK group or sell on its holding in the company later in the year. Sedgwick closed 3 better at 263p on turnover of 6.2m shares.

The Deutsche Bank news also gave a boost to the composite sector where Commercial Union ran ahead to 392½p before attracting widespread and sizeable selling pressure and closing a net 2 off at 384p. Big two-way business saw General Accident jump 15 to 958p and Royals add 7 at 441p, after 454p. The stock shortage continued to grip Sun Alliance, which advanced to 1136p before closing a net 16 firmer at 1128p.

Early gains in the blue chip internationals were cut back sharply when Wall Street opened lower. Glaxo managed to close above the £12 mark, retaining a 10p gain, but Beecham, which has also attracted buyers this week, ended with a net fall of 3. Others to close with minor gains were ICI (1143p) and BAT Industries (554p).

Heavy block trades in Cambrian & General and Cambrian & General Capital signalled the increased offer from Leucadia National. Among trusts, Baillie Gifford gained 6 to 94p as Clydesdale Investment disclosed that it held 25 per cent and will offer for the rest of the equity.

Disclosure by Elders IXL of a £700m offer for Metal Box Packaging left MB Group, the parent, little changed at 280p with 1.7m shares traded.

The outcome of the Ofgas investigation into industrial gas prices was perceived to be bullish for British Gas shares which moved ahead strongly to close a busy session 5 higher at 184½p; turnover expanded rapidly throughout the session and settled at 25m.

BP performed well, with the old 4½ higher at 281½p on turnover of 3m and the new the same amount up at 177½p following the egm at which shareholders gave approval for the buy-back of the near 12 per cent KIO stake at 304p a share, a move which will cost BP £2.4bn.

Ultramar gave up 5 to 305p on profit-taking, while doubts about the possibility of a bid for Century Oils left the latter 11 down at 201p.

There were plenty of speculative stories in the building sectors. Magnet jumped 14 to 284p on hints that the management buy-out (MBO) currently being negotiated could well involve an offer in the region of 280p a share. Talk in the market suggested that any MBO would provoke a number of counter offers, possibly including one from the Continent, which could well go up to 350p a share.

Meyer International, ahead of an institutional visit later this week to some of the company's operations in Ashford, jumped 10 to 436p.

Stores were left behind as the market climbed despite an attempt in early trading to revive interest in the "Boots will bid for Dixons" story, which left Dixons 3½ weaker at 151½p on turnover of 5.5m shares and Boots unchanged at 255p in trade of 2m shares. Bid talk in a number of stocks has kept the sector humming since the New Year, but the lack of hard news has led some observers to predict a corrective fall for the sector.

Mr Mark Chewter, analyst at Swiss Bank Stockbroking (SBS), is one who expects little or no corporate activity among leading Stores stocks until the trough in the retail cycle has been reached. However, Chewter did say: "We believe that large bid candidates are likely to take some defensive action which may involve swallowing smaller competitors." Overall, SBS is advising short-term caution on the sector and predicting a "very dull" performance for most of the year.

Among well-supported second liners, Body Shop sparkled, advancing 8 to 553p on consistently good buying. Most of the interest in electronics, Ferranti apart, was concentrated on British Telecom, where turnover came out at 15m; Telecom shares drifted easier to close at 289p.

GEC fell away to close a net 1¼ cheaper at 218½p on turnover of 7.8m while Plessey dipped to 241p on minimal turnover. The Racal twins made modest progress with Racal Telecoms, where US investors were recently revealed as holding more than 8 per cent of the stock, edged up 4 to 254p on turnover of 2.5m; Racal Electronics hardened 2 to 331p on 4.2m.

Among mixed foods stocks talk of brand accounting lifted United Biscuits (UB) 1¼ to 321p as one broking house advised its clients to switch into the stock from Northern Foods. Cadbury Schweppes, up 2 at 337p, announced that it had earned a quotation on the Australian stock exchange in Melbourne.

Hillsdown added 5¼ at 276p on news of a disposal, while Iceland Frozen Foods climbed 7 to 324p - the stock has been keenly supported by a number of broking and securities houses. The big supermarket chains were actively traded.

Vaux Group were once again a feature of the Breweries sector, climbing a spectacular 40 points to 823p on renewed bid speculation. There has been a good market in the shares of the Sunderland-based brewer for several weeks, initially on talk that hotels group Queens Moat was ready to add to its 7.6 per cent stake.

However, Queens Moat, up a penny at 114p, confirmed last week at a lunch with County NatWest that it had no plans to increase its holding in the brewer, a fact the group re-emphasised yesterday through its public relations firm.

There has been talk of a mystery stakebuilder, but so far there is no proof of any predatory interest in Vaux, said one sceptical breweries analyst, who offered his own explanation for the price rise. "A number of marketmakers have been chasing the price up for the past week and it now appears to have reached its peak."

Greene King was another brewer in the bid frame as the shares advanced 22 to 559p amid speculation that Mr Ron Brierley, the New Zealand entrepreneur, may have increased his sizeable stake in the group. Guinness continued to be well supported, rising 9 to 383p as 5.3m shares change hands.

Property group Mountleigh closed unchanged at 159p after reporting a 30 per cent drop in interim profits to £24.7m.

The expiry of the January FT-SE 100 index contract was the main feature in traded options, though dealings were less active than on Monday. Overall contracts came to 57,090, and in the index to 15,499.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 27

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]				[illegible]				[illegible]				[illegible]			
Boots	2,000	255		GUS A	758	1091	+11	Pilkington	7,442	246	+5	Tate & Lyle	2,100	236	-2
British Airways	5,900	187	-7	GRE	2,000	210	+2	Plessey	781	241	-1	Tesco	5,200	159	+1
Brit. Aerospace	5,800	529	+10	GKN	1,600	349	-2½	Polly Peck	629	389	-1	THORN EMI	1,900	724	+5
Brit & Comm.	1,800	234	-5	Guinness	5,300	393	+9	Prudential	7,000	178		Trafalgar House	2,300	339½	+1
British Gas	23,600	184½	+5	Hammerson "A"	422	807	-1	Racal	1,300	331	+2	Trusthouse Forte	6,400	278	+4½
British Land	444	371	-2	Hanson	9,900	177		Rank Org.	2,850	837	+8	Ultramar	4,300	305	-5
BP	13,000	281½	+4½	Harrisons & Cros.	160	698	-5	RMC	284	585	-3	Unilever	1,300	538	+1
British Steel	68,500	77¾	+1	Hawker Siddeley	1,900	647	+2	RHM	1,200	394	+½	United Biscuits	5,500	321	+1¼
British Telecom	15,000	289½	-½	Hillsdown Hldgs	4,300	276	+5½	Reckitt & Colman	489	1061	+7	Utd Newspapers	1,600	422	+10
Burmah Oil	552	555	+2	IMI	500	225	-1	Redland	614	483	+7	Wellcome	1,000	478	+3
Burton	7,800	282		Imp. Chem.	3,971	1144	+5	Reed International	4,200	436	+16	Whitbread "A"	3,400	346	+7
Cable & Wireless	2,400	427		Inchcape	1,000	232	-4	Reuters "B"	933	607	-13	Williams Hldgs.	2,300	270	-3½
Cadbury Schweppes	1,700	368	+2	Jaguar	1,200	390	-4	RTZ	2,900	499	+1	Wimpey	3,100	281½	+2½
Coats Viyella	2,700	159	-3½	Ladbroke	2,200	499		Rolls Royce	5,000	162½	-3½	Woolworth Hldgs	873	285	-1

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (866). BRITISH FUNDS (2) Treas. 2½pc I.L. 2016, Treas. 2½pc I.L. 2024, AMERICANS (10) CANADIANS (2) Brascan, Can Imp. Bk., BANKS (4) ANZ, Bank Scotland, Capital Leasing, Reflex Invs., BREWERS (2) Clark (Matthew), Guinness 5pc. Prf., BUILDINGS (7) AMEC 5.6p Cv. Prf., Carsdon, Conder, Magnet 5¼pc. Prf. 2012, Meyer Int., Pochins, Steetley, CHEMICALS (3) Fosseco, Halstead (J.), MTM, Rechem Envmtl. Servs., Rentokil, STORES (2) Bolton Textile, Chelsea Man, ELECTRICALS (3) ENGINEERING (11) FOODS (6) HOTELS (1) Friendly Hotels, INDUSTRIALS (36) AIM, AMI Healthcare, BET, BSS, Beazer, Channel Express, Cosalt, Dewsongroup, Doctus, Eurocopy, Gestetner, Grampain Hldgs., Granada, Hampson 5.5p Prf. 1991/93, Hutch. Whmp., ISA Intl., Integ. Health Care, Johnson Cleaners, Lilleshall, Macfarlane, Mayne Nickless, NMC 7¾pc. Prf., Norfolk House, Pacific Dunlop, RCO, Serco, Sothebys Inc. Class A, Transport Dev., WSP, Whatman Reeve, LEISURE (11) NEWSPAPERS (7) PAPERS (3) PROPERTY (7) SHIPPING (3) Mersey Dock Units, Sea Containers, Tiphook, TEXTILES (1) Palma Grp., TRUSTS (55) OILS (2) Silkolene, Woodside, OVERSEAS TRADERS (1) Tozer Kemsley, MINES (3) Barrack Mines, Emperor Mines, Meekatharra.

NEW LOWS (14). CANADIANS (1) ASM Gold, ELECTRICALS (3) Alphameric, Personal Comps., UCL, INDUSTRIALS (2) Rolfe & Nolan, Sykes-Pickavant, LEISURE (1) A & M Grp. 10pc. Cv. Un. 1996, TEXTILES (1) Textured Jersey, TRUSTS (2) Fashion & Gen., Brit. & Comm. 4½pc. Prf., MINES (4) Durban Deep, ERGO, Ventersport, Highwood Res.

APPOINTMENTS

Planning director at Boots

■ THE BOOTS COMPANY has appointed Mr Martin W. Bryant to the new position of director of strategic planning. He joins from Charles Barker where he was corporate development director.

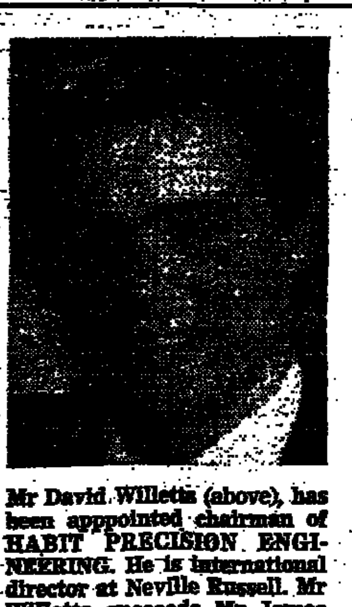
■ Mr Michael Rosen has been appointed finance director of C.T. BOWRING REINSURANCE following the resignation of Mr Keith Salway.

■ Mr Jerry Goldman has become managing director of INFORMIX SOFTWARE. Former managing director Mr Ken Coulter is now leading the European operation and assumes responsibility for the company's subsidiaries.

■ VARITY CORPORATION has appointed Mr J.A. Gilroy group vice president in charge of its components group whose major unit is Perkins diesel engines. He was managing director, Land Rover Group.

■ Mr Tony Chapman and Mr Alan Peck have rejoined the partnership of FRESHFIELDS.

■ Mr K.J. Sherwood has become a divisional director at WIMPEY HOMES HOLDINGS with responsibility for private sector housing for the elderly throughout the UK. He was the Midlands regional manager.



Mr David Willetts (above), has been appointed chairman of HABIT PRECISION ENGINEERING. He is international director at Neville Russell. Mr Willetts succeeds Mr James Mayne, who remains a director.

■ Mr Alan Marsh has been appointed managing director of SERCK HEAT TRANSFER, a subsidiary of the BTR Group. He was regional director of Thermalite.

■ PENTOS OFFICE FURNITURE, a subsidiary of Pentos, has appointed Mr Ian Findlay as sales and marketing director. He was formerly sales director of Hellaware Sons.

■ Ms Heather Roberts has become a director of FIDELITY PENSIONS MANAGEMENT. She was a director of Foreign & Colonial Management.

■ Mr J.M. Gordon has been appointed chairman of SEDWICK LLOYD'S UNDERWRITING AGENTS in succession to Mr C.M. Mosselmans who will be retiring on April 13.

■ PARRISH has made Ms Christine Sammes finance director of Parrish Stockbrokers and Parrish Broking Services.

■ Mr John Church, managing director of CHURCH & CO, has additionally been appointed vice chairman.

■ Mr Graham Clarke has been made marketing director at VICKERS SHIPBUILDING AND ENGINEERING, the main operating subsidiary of the VSEL Consortium.

■ HYDRO FERTILIZERS, the UK subsidiary of Norsk Hydro, has appointed Mr Ron Ward its finance director. He is promoted to chief accountant in succession to Mr Geoff McDonald who is to join the French sister company, Norsk Hydro Azote, as directeur d'Economie.

■ WINCANTON VEHICLE RENTALS has appointed Mr Philip Jenkins as managing director of its light vehicle division. He was development director.

■ CELCON BLOCKS has appointed Mr Derek Rayner and Mr Roddy Taylor regional sales directors. Mr Rayner will be responsible for the South East, South Midlands and East Anglia and Mr Taylor will look after the North, Midlands and West.

■ Mr Clive Fleckney has joined CL-ALEXANDERS LAING & CRUICKSHANK as a director of institutional equities. He was previously a director of Schroder Securities.

■ Mr Graham Harris has been promoted to managing director of STERLING HOMES. He remains managing director of Blenbury Homes. Both companies are part of the Allied London Property Group.

■ Mr William Ansell has been appointed a director of SMITH & WILLIAMSON SECURITIES, the privately-owned investment management arm of the Smith & Williamson Group. He was an assistant director at Kleinwort Benson.

■ Mr Geoffrey Bayley has been made the director in charge of the wines and spirits distribution company, HAYS INTERBOND. He was a director of the parent company Hays Distribution Services.

■ B & W LOUDSPEAKERS has made Mr Paul Stanforth its managing director from February 1. He was formerly with an international search consultancy.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	45.91	46.34	49.29	-0.15	5.56
Gilts & Fixed Int	6	114.30	114.3xd	121.3	...	8.24
High Inc Equity	6	126.1	128.4xd	137.3	-1.00	4.33
Worldwide Bond	6	189.3	189.3	200.7	...	4.83
Capital Growth						
American Growth	6	153.7	155.6xd	165.5	-0.7	1.31
Asian Pacific	6	76.42	77.51xd	82.89	+0.62	1.30
Assets & Earnings	6	149.6	153.60	163.3	+0.7	2.44
Capital Reserve Acc	0	82.77	82.77	82.93	-0.02	1.82
Comdty & Energy	6	96.94	99.83	106.2	-0.5	0.00
1992 Enterprise	6	51.36	52.49	55.83	-0.4	3.22
European Capital	6	75.95	76.49	81.37	-0.8	920
General	6	168.1	171.1	182.00	-0.7	2.47
Japan	6	102.00	103.7	110.3	-0.3	0.00
Masterunits	6	77.32	77.32	82.70	+0.07	1.79
UK Growth Acc	6	187.90	196.00	208.5	-2.3	1.28
UK Growth Dist	6	125.8	131.3	139.6	+1.2	1.41
US Emerging Cos	6	46.62	48.17	51.24	-0.22	0.00
Income & Growth	6	279.4	285.4	303.6	-2.8	3.13
Ethical	6	45.99	47.12	50.12	+0.19	2.39
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070						
American	5¼	42.57	42.57xd	45.29	-0.11	1.89
Australian	5¼	24.44	24.44	26.00	-0.47	1.18
European	5¼	51.43	51.43	54.72	+0.61	0.00
Extra Income	5	41.50	41.50	44.05	-0.13	4.53

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382						
Income Growth	1	181.6	181.6	188.0	+9.5	4.3
Buckmaster Mangmt Co Ltd (1200)H						
The Stock Exchange, London EC2P 2JT 01-588 2868						
Emerging Gwth	5	62.85	64.50	68.44	+0.67	1.47
(Accum Units)	5	63.76	65.44	69.43	+0.69	1.47
Fellowship Tst	5	62.35	62.35	65.94	-0.16	1.20
(Accum Units)	5	63.54	63.54	67.19	-0.18	1.20
General Inc	5	289.00	296.30	314.30	+1.3	2.25
(Accum Units)	5	480.8	492.8	522.8	+2.1	2.25
Income	5	151.2	159.6	165.1	+1.2	4.38
(Accum Units)	5	289.00	297.4	315.5	+2.4	4.38
International	5	113.8	113.8	120.3	-0.1	1.53
(Accum Units)	5	154.2	154.2	163.1	-0.1	1.53
Smaller Co's	5	99.76	102.4	108.6	+0.7	1.32
(Accum Units)	5	109.1	112.00	118.8	+0.8	1.32
Inv Portfolio	2½	52.95	54.91	56.61	+0.2	2.99
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Str Dbl Gilt & FI	1¼	52.91	52.91	53.68	+0.08	11.35
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5¼	52.10	52.10xd	56.62	-0.21	2.70
Global Tst	5¼	39.85	39.85	42.78	-0.07	2.30
Recovery Tst	5¼	54.44	54.44	60.23	+0.28	2.61
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000						
Growth Fd Acc	5	103.4	104.9xd	110.7	+0.6	3.11
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America	5	53.68	53.68	57.10	+0.45	0.43
CS International	5	52.70	52.70	56.06	+0.06	1.81
CS Japan	5	119.0	119.0xd	126.5	+0.5	0.39

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Elcon Ltd (1600)F						
Central Ct, Knoll Rise, Orpington, BR6 0JA 0689 70538						
Elcon Trust	5	136.7	137.9	148.0	...	–
Equitable Units Admin Ltd (1600)F						
Walton St., Aylesbury, Bucks, HP21 7QN. 0296 431480						
European	6	42.89	44.02	46.83	-0.43	1.49
Far Eastern	6	130.90	134.68	143.28	+1.23	0.35
Gilt & Fxd Int	6	51.35	51.35xd	54.63	+0.17	7.63
High Income	6	104.46	106.64	113.45	-0.03	4.89
Intl Growth	6	61.17	62.76	66.77	-0.02	1.66
North American	6	59.95	61.27	65.19	+0.15	1.21
Pelican	6	99.94	101.68	108.18	+0.16	3.74
Special Sits	6	106.33	109.19	116.17	+0.03	2.84
Tst of Inv Tsts	6	99.28	101.71	108.21	+0.05	2.10
Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corporation St, Coventry 0203 553231						
UK Growth Acc	5¼	197.8	198.6	211.3	+2.10	3.49
UK Growth Inc	5¼	161.1	161.6	172.0	+1.60	3.49
Higher Inc Acc	5¼	367.4	369.0	392.6	+5.30	4.62
Higher Inc Inc	5¼	271.5	272.6	290.1	+3.80	4.62
Gilts/Fxd Int Acc	5	116.0	116.0	122.0	+0.80	9.05
Gilts/Fxd Int Inc	5	83.37	83.37	87.73	+0.54	9.05
Nth America Acc	5¼	116.0	117.8	125.4	+1.70	0.18
Far East Acc	5¼	225.6	227.5	242.1	-0.10	0.00
Europe Acc	5¼	160.2	160.9	171.2	-0.20	0.00
General	5	284.9	285.6	303.9	+3.00	3.62
Brit Excell Acc	5¼	44.51	44.68	47.54	+0.59	3.01
Brit Fndmtls Acc	5¼	54.01	54.16	57.62	+0.52	6.06
Brit Fndmtls Inc	5¼	52.34	52.48	55.83	+0.51	6.06
Exeter Fund Managers Ltd (1400)F						
23 Cathedral Yard, Exeter EX1 1HB 0392 412144						
Fd of Inv Tsts	5	21.65	22.05xd	23.46	+0.12	1.56
High Income	5¼	46.60	48.07xd	51.14	+0.24	9.03

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Govett (John) Unit Mgmt Ltd (1000)F						
Shackleton House, 4 Battle Bridge Lane, London SE1 01-378 7979 Dealing: 01-588 0526						
American Gwth	5	63.09	63.09xd	67.56	+0.29	0.23
American Income	5	63.67	63.67	68.03	+0.11	4.10
Gold & Minerals	5	50.37	50.37	53.87	+0.12	0.63
Intl Growth	5	96.66	96.66xd	103.40	+0.05	1.02
Japan Gwth	5	72.37	72.37xd	77.20	-0.10	–
European Gwth	5	50.47	50.47	54.11	-0.10	1.17
Pacific Inc	5	94.12	94.12xd	100.69	+0.38	2.85
UK Spec Opps	5	151.30	151.30	165.03	+0.49	1.67
Pacific Strategy	5¼	48.80	48.80	52.44	+0.28	0.41
UK Progressive Inc	5	74.61	74.61xd	79.96	+0.41	4.51
Gt British Co's	5	41.91	41.91	44.79	+0.26	3.00
UK Small Co's	5	39.45	40.39	43.20	+0.32	1.72
Granville Unit Tst Mngmt Ltd (1700)F						
8 Lovat Lane, London EC3 8DT 01-621 1212						
Capital	5	73.37	74.08	78.81	...	1.30
Small Co's	5¼	67.35	70.19	74.68	...	1.30
Gresham Unit Tst Mngrs (1000)F						
1 Houndwell Pl, Southampton SO9 1NY 0703 212080						
European Gwth	5¼	20.39	20.48	21.79	+0.06	1.67
Global Gwth	5¼	157.4	158.0	168.1	+0.1	0.99
Income	5¼	185.6	187.1xd	200.2	+1.0	4.46
Intl Income	5¼	23.45	23.50	25.20	+0.04	3.42
Nth Amer Gwth	5¼	21.21	21.34	22.81	-0.04	1.06
UK Growth	5¼	25.54	25.81	27.61	+0.33	2.64
Grofund Managers Limited (1200)H						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 59783						
Grofund American	5	86.37	87.36	91.96	-0.24	1.35
Grofund Australian	5	72.87	74.07	77.97	+0.80	2.57
Grofund Brit Inc	5	49.53	50.75	53.56	+0.61	5.04
Grofund Equity	5	122.1	122.1	131.5	+0.70	2.88
Grofund European	5	108.1	110.7	116.5	-0.40	0.50
Grofund Gilt	3	70.45	70.49	72.67	-0.08	8.21

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ¥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Wardley Unit Tst Mngrs Ltd (0900)H						
99, Bishopsgate, London, EC2P 2LA				01-374 0063		
American ♦	5¼	59.77	59.77	63.92	+0.28	1.5
Intl Growth	5¼	70.74	70.74	75.65	-0.01	0.4
Income ♦	5¼	124.5	126.5	135.4	-0.10	5.5
Japan Growth	5¼	201.3	204.2	218.4	+2.20	0.1
Pacific Port.	5¼	127.2	127.2	136.0	-0.40	0.5
Small Co's ♦	5¼	146.0	146.6	156.8	+0.40	1.6
Technology	5¼	30.20	30.20	32.29	+0.02	0.1
Australia	5¼	64.29	64.29xd	68.75	+1.28	2.7
UK Trust ♦	5¼	175.6	175.6	187.8	—	2.5
European Growth ♦	5¼	52.90	53.46	57.18	-0.19	0.1
Hong Kong ♦	5¼	35.12	35.42	37.89	[illegible]	1.5
Intl Income	5¼	20.29	20.29xd	21.70	-0.01	8.0
Spec & Mgn Gth	5¼	26.77	26.77	28.40	-0.17	0.3
British Wimpey ♦	5¼	27.25	27.31	29.21	-0.09	2.4
Waverley Unit Tst Mngmt Ltd (1600)F						
13 Charlotte Sq, Edinburgh				031-225 1551		
Australasian Gold	5	17.43	17.43	18.54	+0.09	0.90
Pacific Basin	5	25.38	26.02	27.68	+0.78	0.60
Can Balnced Gwth ♦	5	45.97	45.97	48.90	+0.07	0.16
Ginnie Mae ♦	4	0.9505	0.9503	0.9898	-0.00	8.92
Penny Share	5¼	28.04	28.04	29.82	+0.13	0.50
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1				01-407 4404		
Wellington Income	5¼	120.9	122.4	130.2	+0.7	4.56
Wellington Growth	5¼	183.3	185.0	196.9	+0.1	2.32
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW				0202 299432		
Wessex UK Gwth	4¼	105.95	109.58	114.45	—	—
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT				01-606 5132		
Challenger ♦ F	3¼	53.04	53.04	54.59	+0.02	0.00
Short Dtd Gilt ♦ F	3¼	80.66	80.66	81.67	+0.01	5.77
U.S. Govmt Bond ♦ F	0	.5476	.5476	.5482	-0.00	0.00
Wilfbro Financial Services Ltd (0905)F						
PO Box 515 Austin Friars, London EC2				01-588 7511		

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Norwich Union Life Insurance Soc.
PO Box 149, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or −	Yield Gross
Unitised Pensions				
With Profits Fd.	111.06	116.90	+0.04	–
Managed Fd	127.24	133.93	−0.83	–
UK Equity Fd	133.21	140.23	−1.66	–
International Fd.	128.94	135.72	−0.16	–
European Fd.	119.52	125.81	−0.50	–
North American Fd.	120.42	126.76	+1.60	–
Pacific Fd	125.23	131.83	−0.44	–
Property Fd	126.09	132.72	+0.04	–
Fixed Int Fd	103.93	109.40	−0.40	–
Intl Bond Fd	107.24	112.89	−0.13	–
Bldg Soc Dep Fd	105.56	111.12	+0.11	–
Pensionvestor* & Unit-Linked Plus*				
Fixed Interest Fund	291.5	306.8	+3.7	–
Index-Linked Sec Fund	155.7	163.9	+0.4	–
Ordinary Share Fund	495.1	521.1	+16.0	–
International Fund	136.6	143.8	+0.5	–
Property Fund	213.9	225.1	+0.3	–
Deposit Fund	188.8	198.7	+0.4	–
Mixed Fund	338.1	355.9	+6.6	–
Norwich Units January 15		820.0	----	–

*Prices as at January 24

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7ES 01-405 8441

	Bid Price	Offer Price	+ or −	Yield Gross
Prop. Dist. (Gross)	180.4	189.9	–	–
Prop. Acc. (Gross)	303.8	319.8	–	–
Equity (Gross)	724.0	762.1	+7.5	–
Managed (Gross)	519.9	547.3	+3.6	–
Prop. Acc. (Net)	140.6	148.0	−0.1	–
Equity (Net)	166.9	175.7	−1.3	–
Managed (Net)	157.8	166.2	+0.8	–
International (net)	140.0	147.3	+0.3	–
Gilt & Fxd Interest	104.0	109.5	+0.1	–
Money Fund	103.5	109.0	+0.1	–
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	500.7	527.1	+4.0	–
Ret Man (Series 2)	169.8	178.8	+1.4	–
Ret Man (Series 3)	112.0	112.0	+0.8	–
Ret Cash	130.0	136.8	–	–
Ret Cash (Series 3)	106.8	106.8	–	–

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

	Bid Price	Offer Price	+ or −	Yield Gross
Life Assurance Funds				
Wealth Assd	414.7	436.7	----	–
Eb'r Ph. Eq.	348.7	370.6	----	–
Pension Plan Funds				

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or −	Yield Gross
Unit Fund	975.8	1024.6	+7.4	–
Equity Fund	222.7	233.8	+2.7	–
International Fd.	143.1	150.3	+0.6	–
Fixed Interest Fd.	155.3	163.1	−0.2	–
Property Fund	209.6	220.1	----	–
Index-Linked Fund	134.2	140.9	----	–
Deposit Fund	133.0	139.7	----	–
Pens. Mixed (Ord) Fd.	229.1	240.6	+2.2	–
Gold Pensions				
Discretionary Fund		111.2	+1.0	–
Equity Fund		110.7	+1.6	–
Fixed Interest Fund		107.8	−0.1	–
International Fund		107.2	+0.4	–
Property Fund		126.8	–	–
Index-Linked Fund		110.0	+0.1	–
Deposit Fund		105.6	----	–
S & F Consolidation		104.8	−0.1	–
S & F Balanced		110.3	+1.2	–
S & F Maximum Growth		99.6	+0.8	–

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Ord	310.4	326.7	−0.2	–
Managed Init	252.7	266.0	−0.2	–
Equity Ord.	441.5	464.7	−1	–
Equity Init.	359.4	378.3	−0.9	–
Index Linked Gilt Ord.	133.2	140.2	−0.1	–
Index Linked Gilt Init.	113.3	119.3	–	–
Overseas Equity Ord.	274.3	288.7	+0.5	–
Overseas Equity Init.	223.4	235.2	+0.6	–
Property Ord.	190.0	200.0	–	–
Property Init.	154.7	162.8	–	–
Fixed Interest Ord.	177.5	186.8	+0.3	–
Fixed Interest Init.	144.5	152.1	+0.2	–
Deposit Ord.	139.7	147.1	–	–
Deposit Init.	113.7	119.7	–	–
Pension Funds				
Managed Ord.	379.2	399.2	−0.2	–
Managed Init.	308.7	324.9	−0.3	–
Equity Ord.	562.1	591.7	−1.5	–
Equity Init.	457.6	481.7	−1.2	–
Pen Ind Lkd Gilt Ord.	144.3	151.9	–	–
Pen Ind Lkd Gilt Init.	122.7	129.2	–	–
Overseas Equity Ord.	313.9	330.4	+0.8	–
Overseas Equity Init.	255.5	268.9	+0.6	–
Property Ord.	226.8	238.7	–	–
Property Init.	184.7	194.4	–	–
Fixed Interest Ord.	204.1	214.8	+0.4	–

Prudential Int'l Financial Services Ltd
P.O. Box 61, St Peter Port, Guernsey. 0481 26268

Barclays Int'l Funds

BERMUDA AUTHORISED

OFFSHORE INSURANCES

JERSEY AUTHORISED

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY AUTHORISED

IoM AUTHORISED

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1988/89 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
101¼	98	Treas 9½pc Cnv 1989	99	......	9.56	12.15
98	95	Treas 3pc 1989	98	+⅛	3.05	9.35
102	98	Treas 10½pc 1989	99	−⅛	10.57	12.25
102	98	Exch 10pc 1989	98	......	10.10	12.29
103	98	Exch 11pc 1989	99	−⅛	11.08	12.12
97	94⅝	Treas 5pc 1986-89	96	+⅛	5.18	10.14
104	98⅝	Exch 10¼pcCv '89	99	......	10.31	11.06
107½	101¼	Treas 13pc 1990‡‡	101	−⅛	12.80	11.21
104⅜	99	Exch 11pc 1990‡‡	99 xd	−⅛	11.02	11.17
107	100¾	Exch. 12½pc 1990	101	−⅛	12.34	11.28
93	90	Treas. 3pc 1990	92	−⅛	3.24	9.50
99⅞	95	Treas 8¼pc 1987-90‡‡	96	......	8.54	11.02
102⅛	95⅝	Treas. 8pc Cv 1990 ‡‡	97¼	−⅛	8.19	9.74
103	97¼	Treas. 10pcCv 1990	98	−⅛	10.16	10.98
91	87	Exch 2½pc 1990	89	−⅛	2.80	9.09
107¾	100	Treas 11¾pc 1991	101½	−⅛	11.58	10.86
95	89	Funding 5¾pc '87-91‡‡	91	......	6.28	10.17
90	86	Treas. 3pc 1991	87⅝	......	3.41	9.01
105	97	Treas 10pc Cv '91 ‡‡	99½	−⅛	10.05	10.25
107	98	Exch. 11pc 1991	100	−⅛	10.91	10.63
98	91	Treas. 8pc 1991	93¾	−⅛	8.53	10.57
113	103	Treas 12¾pc 1992‡‡	106	−⅛	12.02	10.34
104	96⅝	Treas 10pc 1992	99 xd	−⅛	10.09	10.37
98	91¼	Treas. 8pc 1992 ‡‡	93	−⅛	8.55	10.40
106⅛	98	Treas 10½pc Cv 1992‡‡	100⅜	−⅛	10.46	10.35
86	81	Treas. 3pc 1992	84	−⅛	3.57	8.56
112	102	Exch. 12¼pc '92	105¾ xd	−⅛	11.62	10.42
117	106	Exch 13½pc 1992	109⅛	−⅛	12.36	10.37
97	91	Treas 8¾pc 1993	99 xd	−⅛	8.80	10.16
105	96	Treas 10pc 1993‡‡	99	−⅛	10.03	10.08
115	105	Treas 12½pc 1993‡‡	108	−⅛	11.55	10.17
93	85¼	Funding 6pc 1993‡‡	86	+⅛	6.90	9.54
121	110	Treas 13¾pc 1993‡‡	113	−⅛	12.15	10.20
Five to Fifteen Years						
101	90	Treas. 8½pc 1994	93¾ xd	−⅛	9.07	10.12
94	90	Treas 8½pc 1994 A	92 xd	......	9.07	10.12
125⅝	113	Treas 14½pc 1994‡‡	117 xd	−⅛	12.38	10.10
120	109	Exch 13½pc 1994	112	−⅛	11.95	10.23
105	96	Treas. 10pc Ln. 1994‡‡	99	−⅛	10.00	10.00
116	106	Exch. 12½pc 1994	109 xd	−⅛	11.41	10.22
101	92	Treas 9pc 1994‡‡	95	−⅛	9.38	9.94
114	104	Treas 12pc 1995	107	−⅛	11.11	10.18
83½	77	Exch 3pc Gas 90-95	77	−½	3.76	7.03
106	97	Exch. 10¼pc 1995	100	−⅛	10.16	10.06
120	109	Treas 12¾pc 1995‡‡	112	−⅛	11.29	10.06
126	114	Treas. 14pc '96	118	−⅛	11.80	10.19

BRITISH FUNDS—Contd

1988/89 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
44	41	Consols 4pc	44½	−⅛	8.99	−
40	37	War Loan 3½pc‡‡	39¾	−⅛	8.81	−
63	48	Conv. 3½pc '61 Aft	62¾	−⅛	5.58	−
33	30	Treas. 3pc '66 Aft	33⅛	+⅛	9.06	−
28	26⅛	Consols 2½pc	27	−⅛	8.95	−
29	26⅛	Treas. 2½pc	27⅞	−⅛	8.97	−

Index-Linked

		(b)			(1)	(2)
125	117½	Treas 2pc IL '90(84.6)	125	+⅛	0.27	2.98
105	99	Do. 2pc '92‡‡(97.8)	104	......	2.67	3.53
96	92½	Do. 2 '94 (102.9)	96¼	......	3.13	3.64
142	127¼	Do. 2pc '96(67.9)	140½	......	3.34	3.70
121	103¾	Do 2½pc '01(78.3)	120	+⅛	3.42	3.67
118	101⅝	Do. 2½pc '03(78.8)	118¼	+⅛	3.48	3.70
120	102½	Do. 2pc '06(69.5)	120⅝	+⅛	3.53	3.71
113¼	95	Do. 2½pc '09(78.8)	113⅛	+⅛	3.53	3.70
118	99	Do. 2½pc '11(74.6)	118 xd	+⅛	3.52	3.68
98⅛	82	Do. 2½pc '13(89.2)	98⅛ xd	+⅛	3.50	3.65
106⅛	88	Do. 2½pc '16(81.6)	106⅛	+⅛	3.47	3.61
103	87⅛	Do. 2½pc '20(83.0)	103	+⅛	3.42	3.55
87¾	73	Do. 2½pc '24‡‡(97.7)	87¾	+⅛	3.38	3.49

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1988:106.2 and for December 1988:110.3

INT. BANK AND O'SEAS GOVT STERLING ISSUES

109	100	African Dv Bk 11¼Ln 2010	107	−⅛	10.39	10.29
104	96	Asian Dev Bk 10¼pcLn2009	102	−⅛	9.96	9.91
129	120	Australia 13½pc 2010	128 xd	−⅛	10.59	10.23
112	103¼	Do. 11¾pcLn2015	111	−⅛	10.19	10.11
110	103⅛	Euro Inv Bk 11pc Ln 2002	106	−⅛	10.31	10.08
105	98	Do. 10¾pc2004	102	−⅛	10.10	10.03
120⅛	112	Int-Am Dev Bk 12½pc 2003	116⅞	−⅛	10.70	10.20
98	91	Do. 9¼pcLn 2015	98	−⅛	9.94	9.95
96½	86	Mlysia 10¾pcLn 2009	96xd	......	11.20	11.25
121	87	Utd. Mexican States 16½pc 2008	118	......	13.98	13.80

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

Undated

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

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AMERICANS – Contd

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
19	14⅞	USX $1	18½	.....	$1.40	–	4.2
154p	44p	♥Uollab	151p	–9	–	–	–
25⅞	17⅝	Utd. Technologies	25⅞	+⅛	$1.60	–	3.4
163p	27p	♥Utilitech Inc	149p	–9	–	–	–
35	26¾	US West‖	34½	–½	$3.52	–	5.6
26⅝	16⅞	Waste Management $1	26⅝	+1⅛	48c	–	1.0
16¼	12⅞	Whirlpool $1	14⅞	+⅛	$1.10	–	4.1
20⅝	15⅞	Whitman Corp	19⅞	.....	96c	–	2.8
33⅞	18¼	♥Woolworth $3½	31⅞	–⅛	$1.64	–	2.9

CANADIANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	132p	♥ABM Gold Corp ‖	132p	–6	–	–	–
32p	4½p	♥Abbot Energy Corp	8⅝p	.....	–	–	–
14¼	882p	♥Amer. Barrick Res	11¼	–¼	–	–	–
10p	2½p	♥Amer. Lightwave ‖	2⅞p	.....	–	–	–
47p	7½p	♥Armeno	17¼p	.....	–	–	–
76p	24p	♥Augmitto Expln	25½p	+1½	–	–	–
14⅛	10⅝	Bk. Montreal ‖	13⅞	–⅛	$2.12	–	7.3
769p	514p	Bk. Nova Scot.‖	715p	+7	84c	–	5.6
18¼	15¼	BCE ‖	17¼	.....	$2.44	–	6.6
716p	527p	♥Bow Valley‖	675p	–5	♦40c	–	2.9
14	10½	♥Brascan‖	14	+¼	88c	–	3.0
328p	177p	♥Breakwater Res	228p	.....	10c	–	2.1
12⅝	801p	Can. Imp Bank‖	12⅝	+¼	$1.16	–	4.4
11½	841p	Can. Pacific ‖	11½	.....	76c	–	3.2
41½	38½	Do. 4pc Deb £100	38½	.....	4%	–	10.4
515p	357p	Central Capital "A" ‖	390p	+5	–	–	–
485p	313p	♥Corona Corp	402p	–13	–	–	–
886p	228p	♥Cons TVX Min	288p	+6	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

1988/89 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
202	130	Ibstock Johnsen	179	.....	†4.0	3.8	3.0	11.4
97	20	♥Intnl Amco Con	91¼	–½	–	–	–	–
120	95	Jackson Group 10p	120	.....	†3.0	3.3	3.3	12.0
183	86½	Jarvis (J.) 5p	143	.....	†1.6	3.5	1.5	25.0
133	71	♥Jennings AS.50	110	+2	Q20%	2.2	4.4	10.8
223	98	Johnst'ns Pts.10p	223	.....	♦1.77	♦	1.1	♦
£142	£100	Lafarge Cop. F100	£137	.....	Q25%	5.3	1.7	11.1
356	270	Laing (John)	350	+17	†7.0	6.0	2.8	7.8
300	260	Latham (J.) £1	300	.....	†9.5	4.1	4.2	7.7
179	106	Lawrence (W.)	141	.....	†4.75	3.3	4.5	8.9
187	111½	Do 8.5pc CnvRdPf £1	130	.....	8½%	–	8.7	–
64	38½	Lilley (F.J.C.) 12½p	62½	.....	20.5	2.3	1.1	22.4
110	95	♦Lon. & Clydeside	102	.....	5.7	♦	7.5	♦
260	195	Lovell (Y.J.)	246	+4	6.65	♦	3.7	♦
509	291	McAlpine (Alfred)	357	.....	u16.1	3.1	6.0	7.2
497	324	McCarthy & Stone 20p	377	–3	5.14	8.5	1.8	8.6
327	190	♦McLaughlin & H.	327	.....	†8.0	2.6	3.3	15.6
289	173	Magnet	284	+12	†6.9	2.7	3.2	14.9
84	68	Do 5⅝pc Pf 2012	83	+1	5.63	–	9.0	–
224	147	Manders (Hldg)	195	–1	†h5.5	2.1	3.8	15.3
184½	128	Marley	176	–3½	†5.0	2.9	3.8	11.0
263	224	Marshalls Halifax	249	+2	†7.25	3.5	3.9	9.5
105	94	Do. 6½p Cv Cm Red Pf.	101	.....	6.5	–	8.6	–
133	79	Maunders (J.) 20p	106	–1	3.15	3.8	4.0	8.7
437	335	Meyer Int.	435	+9	9.5	5.3	2.9	8.7
243	56	Miller (Stan) 10p	163	–3	†1.25	0.7	1.0	–
438	319	Mowlem (J.)	418	+4	†17.25	2.2	5.5	11.0
108	67	NSM 10p	91	+2	F3.0	–	4.4	–
108	80	♦Needler Group ‖	85	.....	u09.8	2.1	5.5	9.3
1923	1062	Newarthill £1	1900	.....	s14.0	3.2	0.9	43.0
206	160	Newman-Tonks	197	–3	8.5	♦	5.8	♦
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

هكذا من الأصل

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]									
116	68	Seacon Hldgs	γ	101	.....	21.0	—	1.3	—
15½	7	Sonic Tape 2½p	γ	9	+½	●	—	—	11.8
27	15	Staks Hldgs. 5p	γ	17	-1	—	—	—	20.1
●41½	2¼	Swanyard Studios 1p	γ	2¼	-¼	—	—	—	●
318	200	Takare	γ	318	.....	b1.0	8.1	0.4	32.7
36	26	Tomorrows Leisure 20p	γ	28	.....	—	—	—	13.9
25	13½	Tullow Oil 10p	γ	18½	-½	—	—	—	—
135	100	UPL Group 10p	γ	100	-5	L2.41	4.3	3.2	13.6
182	120	Unit Group	γ	147	+2	F7.5	2.9	6.8	8.4
17½	12½	Whitegate Leisure 20p	γ	15½	.....	—	—	—	—
12	6	Do. Wrrnts	γ	11½	.....	—	—	—	—
6½	2	Wilton Group 1p	γ	5	.....	—	—	—	—

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ⁑ Not officially listed.
- ¤ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♣ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	73	....	
Craig & Rose £1 γ	710	.....	
Finlay Pkg. 5p γ	89	+1	
Holt (Jos) 25p γ	1235	+5	

IRISH

Cap. 8½% Ln 1991	£99¼	.....
9pc Cap Ln. 1996	£101½	.....
Fin. 13% 97/02	£122½	.....
Arnotts	400	.....
Carroll (P.J.) γ	154	.....
Hall (R. & H.)	175	+15
Heiton Hldgs. γ	67	-3
Irish Ropes	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp	36
BSR	7½
BTR	28
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit Telecom	21
Burton Ord.	15
Cadburys	31
Charter Cons	45
Comm Union	29
Courtaulds	26
FKI Babcock	13
FNFC	22
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	65
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	20
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50
Peachey	54

Oils

Brit Petroleum	21
Do (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	65
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar resumes upward trend

THE DOLLAR broke through resistance at DM1.87 against the D-Mark in currency markets yesterday after comments by Mr Alan Greenspan, chairman of the US Federal Reserve Board. Speaking before the US Congress joint economic committee, he stressed that the risk of higher inflation is sufficiently great that monetary policy might well be advised to err more on the side of restriction than of stimulus. He added that inflation, currently at 4.4 per cent, is too high and must be brought down.

This was sufficient to push the dollar firmer in an otherwise featureless market. There was no intervention by central banks, although traders remained wary of pushing the dollar too high for fear of attracting further dollar sales. Many investors are content to take profits and square off their positions ahead of the release of US employment data for January, due on Friday. There is also little incentive to take out fresh positions before the Group of Seven meeting in Washington, starting tomorrow evening.

Traders adopted a cautious stance in early European dealings. The dollar retained a firm undertone, supported by high US interest rates and the possibility of further tightening, and edged up from its opening levels without seriously testing DM1.87. The break through this level came after the Greenspan comments, and investors seemed unmoved by the growing possibility of a further rise in West German interest rates.

The dollar rose to its best level against the D-Mark since September last year, closing at DM1.8785 from DM1.8585 on Monday. The US unit also broke through resistance at Y130 to finish at Y130.50 from Y129.30. Elsewhere it closed at SFr1.6000 from SFr1.5790 and FFr6.3850 compared with FFr6.3200. On Bank of England figures, the dollar's exchange rate index rose from 67.4 to 67.6.

Early trading in New York saw the dollar testing resistance at DM1.88 after further comments from Mr Greenspan, suggesting that the US trade deficit will drop without a weakening in the dollar. However, trading volume was a little thin on the last day of the month, and at midday in New York the dollar was still below DM1.88.

Sterling edged firmer during the morning. High UK interest rates continue to draw in demand from overseas investors, and the pound moved up to close at the day's high of DM3.2875, its best level since July 1986, and up from DM3.2750 on Monday. Its exchange rate index finished at 98.2, unchanged from the opening and at the close on Monday. The index was held down by sterling's poor performance against a stronger dollar, where it slipped to $1.7505 from $1.7625 previously.

However, it was firmer against the Japanese yen at Y228.50 from Y228.00, and finished elsewhere at SFr2.8000 from SFr2.7825 and FFr11.1775 compared with FFr11.1400.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.7433	+3.03	+0.91	±1.5344
Danish Krone	7.85212	8.11191	+3.31	+1.19	±1.5404
German D-Mark	2.05853	2.08854	+1.46	-0.66	±1.0981
French Franc	6.90403	7.10163	+2.86	+0.74	±1.3674
Dutch Guilder	2.31943	2.35780	+1.65	-0.47	±1.5012
Irish Punt	0.768411	0.780735	+1.60	-0.52	±1.6684
Italian Lira	1483.58	1524.15	+2.73	+1.40	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Jan.31	Latest	Previous Close
£ Spot	1.7510-1.7520	1.7620-1.7630
1 month	0.59-0.58pm	0.52-0.50pm
3 months	1.58-1.55pm	1.49-1.46pm
12 months	4.29-4.21pm	4.15-4.05pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.31	Previous
8.30 am	98.2	98.1
9.00 am	98.1	98.1
10.00 am	98.1	98.1
11.00 am	98.3	98.1
Noon	98.3	98.1
1.00 pm	98.3	98.2
2.00 pm	98.3	98.2
3.00 pm	98.2	98.2
4.00 pm	98.2	98.2

POUND SPOT- FORWARD AGAINST THE POUND

Jan.31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7505-1.7645	1.7500-1.7510	0.52-0.49cpm	3.46	1.48-1.43pm	3.32
Canada	2.0710-2.0845	2.0710-2.0720	0.38-0.24cpm	1.80	0.85-0.66pm	1.46
Netherlands	3.69¼-3.71¼	3.70¾-3.71¾	2-1¾cpm	6.26	5¾-5¼pm	6.13
Belgium	68.50-68.90	68.65-68.75	31-26cpm	4.98	88-78pm	4.83
Denmark	12.73½-12.78	12.73½-12.74½	5¼-4¼orepm	4.70	14¼-12¾pm	4.50
Ireland	1.2255-1.2315	1.2270-1.2280	0.59-0.45cpm	4.64	1.49-1.38pm	4.46
W. Germany	3.27½-3.29	3.28¼-3.29¼	1¾-1½pfpm	6.62	5¼-5pm	6.54
Portugal	266.40-268.90	266.40-267.40	53-16cdis	[illegible]	105-14dis	[illegible]
Spain	202.50-203.45	203.10-203.40	[illegible]	[illegible]	[illegible]	[illegible]
Italy	2392½-2402½	2397½-2398½	4-2lirepm	1.50	7-5pm	1.00
Norway	11.71½-11.84¾	11.81¼-11.82¼	[illegible]	[illegible]	[illegible]	[illegible]
France	11.17½-11.19½	11.17½-11.18½	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	11.11¼-11.15½	11.12¼-11.13¼	[illegible]	[illegible]	[illegible]	[illegible]
Japan	227¼-229	228-229	[illegible]	[illegible]	[illegible]	[illegible]
Austria	23.01-23.10	23.08-23.10	[illegible]	6.17	[illegible]	[illegible]
Switzerland	2.78¼-2.80¼	2.79¼-2.80¼	[illegible]	[illegible]	[illegible]	6.70

Belgian rate is for convertible francs. Financial franc 69.90-70.00. Six-month forward dollar 2.66-2.61cpm 12 months 4.20-4.10pm

CURRENCY RATES

Jan.31	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.745543	0.636027
U.S. Dollar	6.50	1.30880	1.12004
Canadian $	11.54	1.54543	1.32309
Austrian Sch.	4	17.1950	14.6416
Belgian Franc	7¾	51.2133	43.7433
Danish Krone	7	9.48226	8.11191
Deutsche Mark	5	2.44445	2.08854
Neth Guilder	5.00	2.76091	2.35780
French Franc	9½	8.31546	7.10163
Italian Lira	12½	1788.87	1524.15
Japanese Yen	2½	170.013	144.934
Norway Krone	8	8.81608	7.53541
Spanish Peseta	-	151.446	129.197
Swedish Krona	8½	8.30172	7.08763
Swiss Franc	4	2.07772	1.77527
Greek Drach.	20½	N/A	173.327
Irish Punt	-	N/A	0.780735

*All SDR rates are for Jan.30

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7500-1.7645	1.7500-1.7510	0.52-0.49cpm	3.46	1.48-1.43pm	3.32
Ireland†	1.4230-1.4375	1.4250-1.4260	[illegible]	[illegible]	[illegible]	[illegible]
Canada	1.1800-1.1850	1.1830-1.1840	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	2.0990-2.1210	2.1200-2.1210	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	38.90-39.30	39.20-39.30	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	7.22-7.30	7.29½-7.30	[illegible]	[illegible]	[illegible]	[illegible]
W. Germany	1.8580-1.8790	1.8780-1.8790	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	152¼-153¼	152¼-152¾	[illegible]	[illegible]	[illegible]	[illegible]
Spain	115.50-116.00	115.90-116.00	[illegible]	[illegible]	[illegible]	[illegible]
Italy	1358-1370¼	1369¼-1370¼	[illegible]	[illegible]	[illegible]	[illegible]
Norway	6.71-6.76½	6.75¼-6.76¼	[illegible]	[illegible]	[illegible]	[illegible]
France	6.32-6.38½	6.38¼-6.38¾	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	6.33¼-6.36¾	6.35¾-6.36¼	[illegible]	[illegible]	[illegible]	[illegible]
Japan	129.00-130.55	130.45-130.55	[illegible]	[illegible]	[illegible]	[illegible]
Austria	13.08½-13.16½	13.15-13.15¾	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	1.5785-1.5985	1.5995-1.6005	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.35-39.45.

CURRENCY MOVEMENTS

Jan.31	Bank of England Index	Morgan Guaranty Changes %
Sterling	98.2	-14.0
U.S. Dollar	67.6	-11.4
Canadian Dollar	102.8	-0.1
Austrian Schilling	108.1	+9.4
Belgian Franc	105.4	-6.5
Danish Krone	102.6	-2.1
Deutsche Mark	112.0	+19.9
Swiss Franc	107.8	+17.5
Guilder	109.5	+12.5
French Franc	98.5	-16.0
Lira	97.5	-20.1
Yen	149.1	+81.4

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for Jan.30

EURO-CURRENCY INTEREST RATES

Jan.31	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Jan.31	£	$
Argentina	30.1685-30.3265	17.1900-17.2700
Australia	1.9700-1.9725	1.1225-1.1235
Brazil	1.7470-1.7650	0.9950-1.0000
Finland	7.5450-7.5670	4.3040-4.3060
Greece	269.70-274.20	153.15-155.95
Hong Kong	13.6795-13.6930	7.7965-7.7985
Iran	123.50*	69.25*
Korea(Sth)	1194.05-1203.70	677.80-683.40
Kuwait	0.50395-0.50415	0.28740-0.28750
Luxembourg	68.65-68.75	39.20-39.30
Malaysia	4.7860-4.7975	2.7270-2.7300
Mexico	4051.25-4069.25	2308.00-2318.00
N. Zealand	2.8995-2.9045	1.6520-1.6550
Saudi Ar.	6.5760-6.5860	3.7500-3.7510
Singapore	3.3890-3.3945	1.9310-1.9330
S. Af (Cm)	4.2135-4.2250	2.4015-2.4045
S. Af (Fn)	6.6885-6.9525	3.8095-3.9605
Taiwan	48.60-48.85	27.60-27.70
U.A.E.	6.4390-6.4510	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Jan.31	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.751	3.288	228.5	11.178	2.800	3.713	2398	2.072	68.70
$	0.571	1	1.878	130.5	6.384	1.599	2.121	1370	1.183	39.23
DM	0.304	0.533	1	69.50	3.400	0.852	1.129	729.3	0.630	20.89
YEN	4.376	7.663	14.39	1000.	48.92	12.25	16.25	10495	9.068	300.7
F Fr.	0.895	1.566	2.941	204.4	10.	2.505	3.322	2145	1.854	61.46
S Fr.	0.357	0.625	1.174	81.61	3.992	1	1.326	856.4	0.740	24.54
H Fl.	0.269	0.472	0.886	61.54	3.011	0.754	1	645.8	0.558	18.50
Lira	0.417	0.730	1.371	95.29	4.661	1.168	1.548	1000.	0.864	28.65
C $	0.483	0.845	1.587	110.3	5.395	1.351	1.792	1157	1	33.16
B Fr.	1.456	2.549	4.786	332.6	16.27	4.076	5.405	3491	3.016	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Greenspan knocks bond prices

INTEREST RATE futures weakened on Liffe yesterday, against the background of a strong dollar and firm interest rates. US Treasury bonds declined after Mr Alan Greenspan, chairman of the US Federal Reserve Board, told a congressional committee that monetary policy should "err more on the side of tightness because of long run risks of higher inflation."

Mr Greenspan's comments that a recession is not at hand may have also encouraged selling by traders with long positions. It was argued that if there is not to be a recession there is also no reason for a reverse yield curve, and that long term rates can be expected to rise more in line with short term money. A fall below support at 90-28 added to the weaker tone in bonds.

Long term gilt and short sterling futures weakened, but traded in a narrow range, lacking new factors. Sterling's strength against the D-Mark helped offset a slight firming of cash market rates in London. Trading was quiet, with volume remaining relatively low on Liffe.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
94	325	433	1	13
95	—	343	—	23
96	131	257	7	37
97	—	212	—	56
98	19	140	59	120
99	—	110	—	154
100	3	50	243	230

Estimated volume total, Calls 1877 Puts 2168
Previous day's open int. Calls 31711 Puts 18300

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
84	653	657	1	21
86	454	510	2	38
88	260	338	8	102
90	119	222	31	150
92	23	126	135	254
94	4	51	316	415
96	2	27	514	555

Estimated volume total, Calls 91 Puts 226
Previous day's open int. Calls 2864 Puts 3261

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Puts-settlements Mar
19500	1381	71
20000	975	165
20500	638	328
21000	—	—
21500	—	—
22000	—	—
22500	—	—

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Feb	Calls-settlements Mar	Puts-settlements Feb	Puts-settlements Mar
160	—	1560	—	2
165	1060	1060	0	18
170	560	573	9	87
175	161	258	122	272
180	17	87	478	601
185	0	21	961	1035
190	0	4	1461	1518

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 162 Puts 3750

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8975	72	79	2	12
9000	48	61	3	19
9025	27	44	7	27
9050	12	30	17	38
9075	5	19	35	52
9100	3	12	58	70
9125	2	7	82	90

Estimated volume total, Calls 150 Puts 350
Previous day's open int. Calls 5600 Puts 6351

LIFFE SHORT STERLING

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8700	42	122	11	11
8725	24	101	18	15
8750	13	82	32	21
8775	7	64	51	28
8800	3	48	72	37
8825	2	37	96	51
8850	1	26	120	65

Estimated volume total, Calls 887 Puts 616
Previous day's open int. Calls 23887 Puts 22018

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.750	1.55	2.30	3.15	4.24	0.87	2.19	3.26	5.03
1.775	0.59	1.50	2.09	3.19	2.18	3.62	4.71	6.60
1.800	0.12	0.79	1.40	2.34	4.21	5.41	6.41	8.10
1.825	0.03	0.36	0.84	1.70	6.55	7.46	8.32	9.88
1.850	0.05	0.12	0.47	1.19	8.99	9.70	10.41	11.81
1.875	-	0.01	0.23	0.80	11.47	12.06	12.64	13.85
1.900	-	-	-	0.52	13.96	14.48	-	16.00

Previous day's open int: Calls 361,101 Puts 324,274(All currencies)
Previous day's volume: Calls 21,519 Puts 17,033(All currencies)

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.650	-	16.20	-	12.50	-	0.35	-	2.00
1.700	7.20	13.25	-	8.60	1.30	1.05	-	3.00
1.750	3.25	3.50	4.20	5.50	1.30	2.30	3.70	3.05
1.800	0.75	1.80	2.45	3.20	4.85	6.20	4.45	8.00
1.850	0.20	0.70	0.80	1.90	3.25	8.40	10.40	11.50
1.900	0.25	1.30	-	2.20	11.35	15.60	-	14.30
1.950	-	1.40	-	0.60	-	20.40	-	20.40

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls 223 Puts 144

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 15995 (19830)
Previous day's open int. 32019 (30791)

7-10 YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	[illegible]	-	-	[illegible]

Estimated Volume 0 (0)
Previous day's open int. 276 (276)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 598 (387)
Previous day's open int. 670 (706)

THREE MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Est. Vol. (inc. figs. not shown) 15205 (15903)
Previous day's open int. 38729 (37204)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 7967 (15494)
Previous day's open int. 16517 (15436)

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

Est. Vol. (inc. figs. not shown) 5946 (5321)
Previous day's open int. 45987 (45677)

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 5069 (5157)
Previous day's open int. 12668 (11574)

6% NOTIONAL GERMAN GOVT. BOND DM 250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	94.48	94.67	94.42	94.64
Jun	93.90	93.97	93.90	94.09
Sep	93.40			93.54

Estimated Volume 13522 (13610)
Previous day's open int. 18805 (18245)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7505	1.7455	1.7359	1.7242	1.7090

DM-STERLING $ per £

	Latest	High	Low	Prev.
Mar	1.7514	1.7552	1.7500	1.7558
Jun	1.7370	1.7410	1.7370	1.7420
Sep	1.7290	-	1.7290	1.7320

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	-	[illegible]	[illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 89 Vol	Feb. 89 Last	May 89 Vol	May 89 Last	Aug. 89 Vol	Aug. 89 Last	Stock
GOLD C	$ 400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD C	$ 420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD C	$ 440	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD C	$ 460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD C	$ 480	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD P	$ 380	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD P	$ 400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
GOLD P	$ 420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$ 394.50
		Feb. 89		Mch. 89		Apr. 89		
EOE Index C	Fl. 260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index C	Fl. 265	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index C	Fl. 270	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index C	Fl. 275	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index C	Fl. 280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index P	Fl. 255	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index P	Fl. 260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index P	Fl. 265	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fl. 266.39
EOE Index P	Fl. 270	401	8.10	97	7.70	7	10	Fl. 266.39
EOE Index P	Fl. 275	22	9.20	51	11	-	-	Fl. 266.39
		Feb. 89		May 89		Aug. 89		
OBL Index C	Fl. 97.50	-	-	-	-	250	1	Fl. 97.96
OBL Index C	Fl. 100	-	-	-	-	120	0.20	Fl. 97.96
OBL Index P	Fl. 100	40	1.95	-	-	250	2	Fl. 97.96
		Feb. 89		Mch. 89		Apr. 89		
S/FI C	Fl. 205	53	6	39	6.50	-	-	Fl. 211.18
S/FI C	Fl. 210	63	2.30	66	3.30	-	-	Fl. 211.18
S/FI C	Fl. 215	90	0.50	49	1.70	-	-	Fl. 211.18
S/FI P	Fl. 205	55	0.50	37	1.40	10	2.70 A	Fl. 211.18
S/FI P	Fl. 210	82	2	59	3.60 A	-	-	Fl. 211.18
		Apr. 89		Jul. 89		Oct. 89		
ABN C	Fl. 45	131	0.90	69	1.60	19	1.80	Fl. 43
ABN P	Fl. 45	47	2.50	72	3.50	44	4.50	Fl. 43
AEGON C	Fl. 95	114	2.90	34	4.10	1	5.50	Fl. 93.70
AEGON P	Fl. 90	35	1.50	15	2.50	-	-	Fl. 93.70
AHOLD P	Fl. 95	35	4.50 B	-	-	-	-	Fl. 92.20
AKZO C	Fl. 160	1332	3.40	251	4.50	10	8.80 A	Fl. 151.50
AKZO P	Fl. 160	285	10.50	10	13.50 B	-	-	Fl. 151.50
AMEV C	Fl. 55	30	2.50 B	203	3.30	2	4.90	Fl. 54.80
AMRO C	Fl. 85	146	1.30	9	2.50	15	3.50	Fl. 81.20
AMRO P	Fl. 80	886	2.40	-	-	30	4.50	Fl. 81.20
BUHRMANN-T C	Fl. 65	107	1.70	41	2.30	-	-	Fl. 62.80
BUHRMANN-T P	Fl. 60	66	1.10	-	-	-	-	Fl. 62.80
ELSEVIER C	Fl. 60	34	5.80	-	-	-	-	Fl. 64.80
GIST-BROC. C	Fl. 40	185	1.10	58	1.90	11	2.50	Fl. 36.80
GIST-BROC. P	Fl. 40	48	3.90	131	4.70	32	5	Fl. 36.80
HEINEKEN C	Fl. 130	-	-	-	-	50	23.50	Fl. 148.70
HOOGOVENS C	Fl. 80	204	2	76	3.30	32	4.80	Fl. 74
HOOGOVENS P	Fl. 75	148	4	4	6.40	-	-	Fl. 74
KLM C	Fl. 45	134	1.60	41	2.80	8	3.50	Fl. 43.40
KLM P	Fl. 45	55	2.40	39	3	66	4	Fl. 43.40
KNP C	Fl. 40	10	10.30	-	-	230	11	Fl. 50
NEDLLOYD C	Fl. 290	60	17.70	1	24	-	-	Fl. 293
NEDLLOYD P	Fl. 250	60	2.10	-	-	-	-	Fl. 293
NAT.NED. C	Fl. 75	25	0.50	132	0.90	-	-	Fl. 67.50
NAT.NED. P	Fl. 65	243	1.10	20	2.20	13	3.50	Fl. 67.50
PHILIPS C	Fl. 40	251	0.80	124	1.20	601	2	Fl. 36.40
PHILIPS P	Fl. 35	270	1.30	92	1.90	100	2.20	Fl. 36.40
ROYAL DUTCH C	Fl. 120	348	6.60	40	7.30	3	9.80	Fl. 125
ROYAL DUTCH P	Fl. 120	774	1.20	27	3.60	12	4.80	Fl. 125
UNILEVER C	Fl. 130	914	5.10	335	6.80	40	9.20	Fl. 130.60
UNILEVER P	Fl. 120	217	0.90	21	2.90 B	10	4	Fl. 130.60
VAN OMMEREN C	Fl. 35	46	2.40	42	3	-	-	Fl. 35.60
WESSANEN C	Fl. 80	38	4.80	4	6.30	-	-	Fl. 82.60

TOTAL VOLUME IN CONTRACTS : 40,720
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Slightly firmer

THERE WAS a slightly firmer tone to interest rates in London yesterday, but no fresh factors. Three-month interbank was quoted at 13$\frac{1}{16}$-12$\frac{15}{16}$ per cent, compared with 13-12$\frac{13}{16}$ per cent.

The Bank of England initially forecast a money market shortage of £1bn, but revised this to £1.1bn at noon and to £1.2bn in the afternoon. Total help of £1.237bn was provided.

An early round of help was offered and at that time the authorities bought £827m bills, including £165m outright, by way of £119m bank bills in band 1 at 12⅞ per cent and £46m bank bills in band 3 at 12$\frac{13}{16}$ per cent. Another £662m bills were purchased for resale to the market on February 9, at a rate of 12$\frac{15}{16}$ per cent.

Before lunch the Bank of England bought a further £320m bills outright, via £90m local authority bills in band 1 at 12⅞ per cent; £61m bank bills in band 1 at 12⅞ per cent; £24m bank bills in band 2 at 12$\frac{13}{16}$ per cent; £65m bank bills in band 3 at 12$\frac{13}{16}$ per cent; and £80m bank bills in band 4 at 12¾ per cent. In the afternoon another £90m bank bills were bought in band 1 at 12⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £614m, with the unwinding of repurchase agreements with the market absorbing £378m, and Exchequer transactions £170m. These outweighed a fall in the note circulation adding £40m to liquidity and bank balances above target of £110m.

In Frankfurt call money continued on a volatile course, rising to the effective ceiling to 6.00 per cent. At this level banks can borrow from the Bundesbank under the emergency Lombard facility. There has been a sharp tightening of credit conditions so far this week after call money fell to its effective base of 4.50 per cent last Friday, where banks can use surplus funds to purchase three-day Treasury bills from the Bundesbank.

There has a sudden tightening as banks bid for funds to meet January reserve commitments at the Bundesbank. It is not, however, expected to herald a further rise in the discount or Lombard rates.

No minimum bid rate was set for this week's securities repurchase agreement tender, which is in two parts, maturing in 28 days and 63 days. Two earlier facilities, totalling DM29.2bn expire today. This will be partly offset by the unwinding of about DM2bn in currency swaps, which also expire today, but will result in D-Marks returning to the market.

UK clearing bank base lending rate
13 per cent
from November 25

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.31) 3 months US dollars		6 months US Dollars	
bid 9¼	offer 9⅜	bid 9½	offer 9⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4pm)

		Treasury Bills and Bonds			
Prime rate	10½	One month	7.73	Three year	9.11
Broker loan rate	10½	Two month	8.35	Four year	9.10
Fed.funds	9⅛	Three month	8.69	Five year	9.07
Fed.funds at intervention	-	Six month	8.94	Seven year	9.04
		One year	9.02	10-year	9.00
		Two year	9.12	30-year	8.84

Jan.31	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	5.90-6.10	5.40-5.60	5.40-5.60	5.75-5.90	5.90-6.10	6.00
Paris	8½-8⅝	8⅝-8¾	8$\frac{11}{16}$-8$\frac{13}{16}$	8¾-8⅞	8$\frac{13}{16}$-8$\frac{15}{16}$	7.25
Zurich	4⅞-4⅝	5⅜-5⅝	-	5⅜-5⅝	-	-
Amsterdam	6.31-6.43	6.15-6.25	-	6.25-6.37	-	-
Tokyo	3$\frac{13}{16}$-4$\frac{1}{16}$	4⅜-4⅛	-	4$\frac{13}{32}$-4$\frac{15}{32}$	-	-
Milan	11⅞-11⅝	11⅞-12⅛	-	12⅛-12⅜	-	-
Brussels	3.50	7⅝-7⅜	-	7⅝-7⅞	-	-
Dublin	7½-7¾	7⅝-7⅞	7⅞-8⅛	8-8⅛	8⅛-8$\frac{13}{16}$	-

LONDON MONEY RATES

Jan.31	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	13	13$\frac{1}{16}$	13⅛	13$\frac{1}{16}$	12$\frac{15}{16}$	12$\frac{13}{16}$
Interbank Bid	5	12$\frac{15}{16}$	12$\frac{15}{16}$	12$\frac{15}{16}$	12⅞	12⅝
Sterling CDs	-	-	13⅛	13	12⅞	12¾
Local Authority Deps.	12⅞	12⅞	13	12⅞	12½	12⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	12⅞	13	12⅞	12⅞	-	-
Company Deposits	-	-	13$\frac{1}{16}$	13	12$\frac{13}{16}$	12½
Finance House Deposits	-	-	13	13$\frac{1}{16}$	12$\frac{13}{16}$	12⅝
Treasury Bills (Buy)	-	-	12$\frac{13}{16}$	12$\frac{15}{16}$	-	-
Bank Bills (Buy)	-	-	12⅞	12⅞	11$\frac{13}{16}$	-
Fine Trade Bills (Buy)	-	-	13⅜	13⅛	12$\frac{13}{16}$	-
Dollar CDs	-	-	9.17-9.12	9.30-9.25	9.42-9.37	9.62-9.57
SDR Linked Dep Offer	-	-	7$\frac{13}{16}$	8⅛	8⅜	8¼
SDR Linked Dep Bid	-	-	7$\frac{11}{16}$	7$\frac{13}{16}$	7$\frac{15}{16}$	8
ECU Linked Dep Offer	-	-	8⅜	8⅝	8⅜	8$\frac{13}{16}$
ECU Linked Dep Bid	-	-	8⅛	8⅜	8¼	8⅝

Treasury Bills (sell): one-month 12$\frac{15}{16}$ per cent; three months 12$\frac{11}{16}$ per cent; Bank Bills (sell): one-month 12$\frac{13}{16}$ per cent; three months 12$\frac{13}{16}$ per cent; Treasury Bills: Average tender rate of discount 12.3125 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1989. Agreed rates for period February 26, 1989 to March 25, 1989. Scheme I: 13.93 p.c., Schemes II & III: 14.41 p.c. Reference rate for period December 31 to January 31, 1989, Scheme IV&V: 13.171 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13½ from February 1, 1989: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9½ per cent; one-three months 11 per cent; three-six months 11 per cent; six-nine months 11 per cent; nine-twelve months 11 per cent; Under £100,000 9½ per cent from December 1, 1988. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williams Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm.	13	Robert Fraser & Ptrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.95		
Citibank NA	13	Mount Credit Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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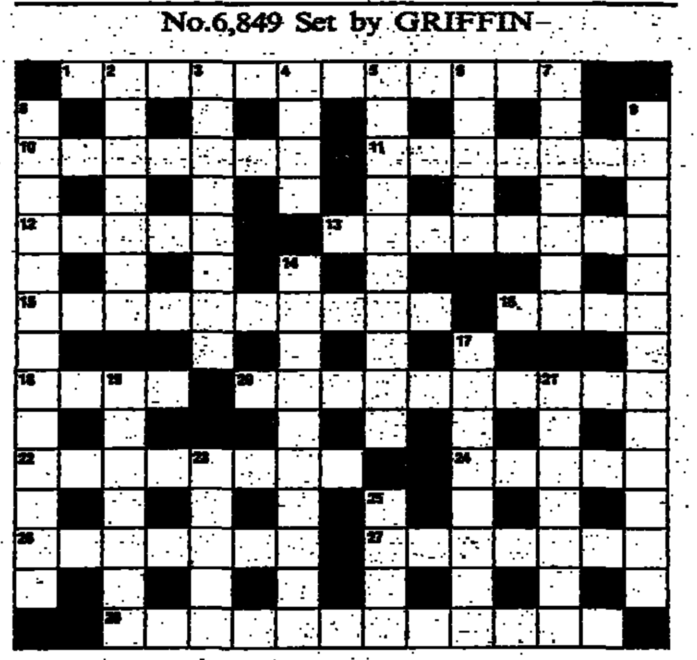
CROSSWORD

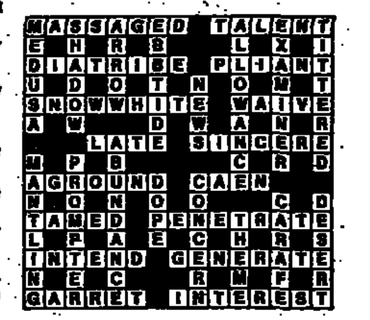
No.6,849 Set by GRIFFIN



ACROSS
1 Anyway there's seven left inside yet (12)
10 One without a map to sort out goods coming in (7)
11 FBI agents in suitable invention (7)
12 Undresses when retiring for a nap (5)
13 Liable to make first aid chaps expert (8)
15 Somewhere we scoff at? (10)
18 Male model is in decline (4)
19 When student is in love as well (4)
20 Made hoop Garth rolled behind the piano snap (10)
22 What bride says, subsequently, of a devoted admirer (8)
24 Having two to return, nurse follows dramatist (5)
26 Roving detectives have a half day to come back (7)
27 The view in the bulb is very good (7)
28 Disillusioned man turned to dance, then collapsed (12)

DOWN
2 Lifted me over crowd to see monarch (7)
3 Having puree on a crumble is continental (5)
4 Turning up, heard Kay posed for a job (4)
5 In Central Greece if fat men get fresh it's not manly (10)
6 Nigel moved here (6)
7 Girl mixed Bert a drink (7)
8 Funny don satirises the West End in theses (13)
9 Making stronger gent's ring, then, in a new form (13)
14 Shrewd fellow is holding ace thrown out by clergyman (10)
17 Serviceman stands on it in error, but it gets motorist going (8)
19 In Dorset poor Mr French is attacked (7)
21 Guidance for cooking sauce — about a half pint (7)
23 Ends with a rocky mountain system (5)
25 Night flier takes cat back home first (4)

Solution to Puzzle No.6,848



JOTTER PAD

[illegible] من الأصل

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

ITALY (continued)
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

JAPAN
[illegible]

AUSTRALIA
[illegible]

AUSTRALIA (continued)
[illegible]

HONG KONG
[illegible]

SINGAPORE
[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices January 31

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
[illegible]					
42350 Canbor					
4100 Cara	$15¾	15⅝	15⅝	− ⅛	
12700 Cara A f	$16⅝	15½	16½	− ⅛	
1900 Carena	$38	37½	37½	+ ¼	
3800 Cascades	$7¼	7	7¼	+ ⅛	
18888 Celanese	$37	36¾	37		
701 Cen Capital	$10⅝	10⅝	10⅝	− ⅛	
20800 CenCap A	$8⅛	8	8⅛		
3920 CenFd A	$5⅝	5½	5½	− ⅛	
850 C Guar Trc	$18¾	18⅝	18¾	+ ⅛	
2000 Charan	245	230	230	− 5	
24460 Cineplex	$17½	16¾	16⅞	− ⅝	
300 Co Steel f	$18⅛	18	18		
84845 Cominco	$26⅞	26⅛	26½	− ⅜	

Sales	Stock	High	Low	Close	Chng
[illegible]					
43100 Hemlo	$12⅛	12	12	− ⅛
1000 Hollingr	$14⅛	14⅛	14⅛	+ ⅛
611200 Horsham f	$8⅛	7⅞	7⅞	− ⅛
910 H BayMn s	$10½	10⅝	10½	− ⅛
5878 H Bay Co	$25¼	25	25	
23850 Imasco L	$32⅜	32	32⅛	− ⅛
11458 Imp Oil A	$50⅜	50⅛	50⅛	− ¼
354917 Inco	$35	34⅝	34⅞	+ ⅛
9400 Inland Gas	$13⅛	13	13⅛	+ ⅛
1100 Innopac	$10⅞	10¾	10¾	
55816 Inter City	$22⅝	22⅝	22¾	− ⅛
8430 Interhome	$46¼	45¾	46	+ ⅛
67450 Intl Thom	$15½	15¼	15¼	− ⅛

Sales	Stock	High	Low	Close	Chng
[illegible]					
257228 Placer Dm	$16	15¾	15¾	− ¼
3820 Poco Pet	$8⅝	8½	8½	− ⅛
258858 Powr Cor f	$16⅛	16⅛	16⅛	− ⅛
3500 Powr Fin	$16⅞	16½	16¾	+ ¼
1000 Provigo	$11	10⅞	10⅞	− ⅛
100 Que Tel	$13⅞	13⅞	13⅞	− ⅛
400 Quebcor A	$20¾	20⅛	20¾	+ ¼
31858 Ranger	$6¾	6⅝	6⅝	
200 Rayrock f	$8	8	8	− ⅛
19150 Redpath	$14½	14¼	14½	+ ⅛

Sales	Stock	High	Low	Close	Chng
[illegible]					
1300 Weldwood	$17¾	17¾	17¾	+ ⅛
5100 Wst Fraser	$19	19	19	− ⅛
5441 Wcoast E	$17½	17¼	17¼	
5408 Wesmin	$10	10	10	
473 Weston	$38	38	38	
32478 Woodwd A	480	445	480	+ 45
4840 Xerox Can	$20	19⅝	19⅝	− ⅛

f—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	Jan 31	Jan 30	Jan 27	Jan 26	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
◊Industrials	2342.32	2324.11	2322.86	2291.07	2342.32 (31/1/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.34	89.40	89.52	89.39	91.25 (3/3/88)	86.12 (4/1/88)	–	–
Transport	1071.50	1054.31	1051.72	1039.23	1071.50 (31/1/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	190.97	190.73	189.96	190.43	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

◊Day's High 2350.18 (2336.6) Low 2302.68 (2304.8)

STANDARD AND POOR'S	Jan 31	Jan 30	Jan 27	Jan 26	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite ‡	297.47	294.99	293.82	293.69	297.47 (31/1/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial (latest)	344.29	340.96	339.55	337.24	340.96 (30/1/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	26.71	26.59	26.47	26.14	26.71 (31/1/89)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	166.63	165.36	164.78	163.60	166.63 (31/1/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	323.02	321.88	321.57	321.42	323.02 (31/1/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	401.30	399.22	397.96	397.09	401.30 (31/1/89)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Jan 27	Jan 20	Jan 13	year ago (approx.)
Dow Industrial Div. Yield	3.46	3.59	3.60	3.53

	Jan 25	Jan 18	Jan 11	year ago (approx.)
S & P Industrial div. yield	3.12	3.13	3.15	3.16
S & P Indl. P/E ratio	13.40	13.30	13.09	15.81

TRADING ACTIVITY †Volume Millions

	Jan 31	Jan 30	Jan 27
New York	194.050	167.830	254.870
Amex	12.230	10.123	16.290
OTC	(u)	123.937	176.201

NEW YORK	Jan 31	Jan 30	Jan 27
Issues Traded	1,967	1,962	1,989
Rises	956	877	919
Falls	533	549	617
Unchanged	478	536	453
New Highs	110	105	168
New Lows	14	9	9

CANADA

TORONTO	Jan 31	Jan 30	Jan 27	Jan 26	1988/89 High	1988/89 Low
Metals & Minerals	3539.2	3505.2	3518.6	3478.6	3539.2 (31/1/89)	2238.7 (8/2/88)
Composite	3616.6	3612.2	3617.6	3608.1	3617.6 (27/1/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1813.19	1803.41	1805.62	1801.20	1813.19 (31/1/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Texaco	7,183,800	51¼	+ ⅞	Ford Motor	2,406,900	54⅝	+ 1
RJR Nabisco	4,110,700	98¾	+ ¼	IBM	2,376,200	130⅝	+ 1½
Southern	3,234,000	23¼	− ⅛	General Electric	1,795,300	48¾	+ ⅜
Pan Am	3,085,800	3¼	+ ¼	K mart	1,754,100	37⅞	+ ¼
AT&T	2,432,000	31½	+ 1	Burlington	1,697,700	38¾	+ ¼

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 31	Jan. 30	Jan. 27	Jan. 26	1988/89 High	1988/89 Low
AUSTRALIA All Ordinaries (1/1/80)	1551.7	(c)	1542.6	1540.0	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	723.4	(c)	727.0	727.0	847 8 (9/8/88)	532.4 (10/2/88)
AUSTRIA Credit Aktien (30/12/84)	234.40	234.70	234.40	234.70	236.20 (25/1/89)	163.98 (11/2/88)
BELGIUM Brussels SE (1/1/84)	5801.80	5801.00	5790.80	5788.60	5801.60(31/1/89)	3608.35(4/1/88)
DENMARK Copenhagen SE (3/1/83)	(u)	289.05	288.05	287.90	289.22 (19/1/89)	180.68 (4/1/88)
FINLAND Unitas General (1975)	748.2	746.8	744.7	745.2	772.1 (8/8/88)	530.6(15/1/88)
FRANCE CAC General (31/12/82)	(u)	(u)	(u)	(u)	441.30(3/1/89)	251.3 (29/1/88)
Ind. Tendance(30/12/88)	105.9	106.8	107.2	106.8	107.20(25/1/89)	100.0 (1/1/89)
GERMANY FAZ Aktien (31/12/58)	556.15	561.21	563.48	559.25	567 51(5/1/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1662.2	1677.6	1686.40	1672.80	1705.6(5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1312.73	1328.37	1343.58	1329.73	1371.10(5/1/89)	931.18 (28/1/88)
HONG KONG Hang Seng Bank (31/7/64)	3072.86	3036.45	2956.95	2910.57	3072.86 (31/1/89)	2223.56 (8/2/88)
ITALY Banca Com. Ital. (1972)	599.36	598.49	601.31	605.33	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN** Nikkei (16/5/49)	31581.30	31567.50	31646.13	31511.8	31679.07(28/1/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2464.83	2467.60	2469.45	2458.09	2478.12(28/1/89)	1690.44 (4/1/88)
NETHERLANDS ANP-CBS General (1970)	307.4	310.1	309.1	307.2	310.1 (30/1/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	271.5	270.8	270.5	268 9	271.5 (31/1/89)	157.9 (11/1/88)
NORWAY Oslo SE (4/1/83)	545.05	549.44	544.83	542.87	549.44 (30/1/89)	327.78 (28/1/88)
SINGAPORE Straits Times Ind. (30/12/66)	1133.32	1134.81	1115 48	1108.71	1177.87 (8/8/88)	833.60(4/1/88)
SOUTH AFRICA JSE Gold (28/9/78)	(u)	1312.0	1354.0	1382.0	1451.0 (7/7/88)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	(u)	2138.0	2153 0	2158.0	2158.0 (26/1/89)	1387.0 (12/2/88)
SPAIN Madrid SE (30/12/85)	283.10	283.73	280.66	280.44	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN Jacobson & P. (31/12/56)	3614.0	3616.7	(u)	3604.5	3616.7 (30/1/89)	2148.5 (4/1/88)
SWITZERLAND Swiss Bank Ind. (31/12/58)	627.5	631.4	632.0	632.1	634.2 (16/1/89)	466.6 (13/1/88)
WORLD M.S. Capital Intl. (1/1/70)	(u)	511.2	512.0	510.8	512.0 (27/1/89)	401.0 (21/1/88)

**Saturday Jan. 28: Japan Nikkel 31,679.07 TSE 2,478.12 ‡Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 31 January 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sato Kogyo	26.08m	1,340	+40	Mitsubishi Metal	13.98m	970	+3
Osaka Gas	22.37mm	980	-6	Sanyo Elec	13.83m	812	-6
Nippon Seiko	21.68m	1,010	+25	Mitsui Mining & Smelt	12.92m	787	+18
Kubota	21.43m	966	+14	Maruetsu Inc	12.60m	2,100	+230
NKK	21.00m	980	+12	Sanyo Special Steel	11.90m	1,000	+17

AMEX COMPOSITE PRICES

4pm prices January 31

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
AT&E			163	9½	9	9⅜	+ ⅛
ATT Fd2.21e			85	43¾	43⅛	43¾	+ ½
Acton		10	17	13⅝	13⅝	13⅝	− ⅛
AirExp		10	62	17	16½	17	
AlbaW			2	6⅞	6⅞	6⅞	− ⅛
Allin		14	98	3⅜	3¼	3¼	− ⅛
[illegible]							

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ContMtl			101	2	13⅛	13⅛	13⅛ + ⅛
Cross	1.12	18	326	35½	34½	35½	+ ⅝
CrnCP	1e		2	14	22⅝	22½	22⅝ + ⅛
CrCPB			2	13	20¾	20⅝	20⅝ − ⅛
CwCP pf1.92				4	31½	31½	31½ − ⅜
CwC pfD2.25				13	29⅝	29½	29⅝
[illegible]							

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ImpOil g1.80							
InstSy							
InsSy pf.25e							
IntgSy .40e							
IntCty g .72							
Intrmk							
[illegible]							

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

4pm prices January 31

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		— A—A—A —								
27⅞	17½	AAR	.44	1.6	19	774	u28¼	27½	28⅛	+⅝
10⅛	8⅝	ACM n	1.01	11.		169	9⅞	9¾	9⅞	
12⅛	10¼	ACMIn	1.26e	12.		511	10⅞	10⅝	10⅝	
10⅛	8½	ACM M	n.17e	1.8		97	9⅜	9⅛	9¼	
12¼	10⅛	ACM Sc	1.26	12.		1024	10⅞	10⅝	10⅝	−⅛
10⅛	8½	ACMSp	n.75e	8.3		310	9⅛	8⅞	9	−⅛
5⅛	2⅝	AMCA	.12e	3.3		70	3¾	3⅝	3⅝	−⅛
6¼	3⅛	AM Intl				891	5⅝	5½	5½	−⅛
23⅛	18⅛	AM Int pf	2	9.1		39	22⅛	22	22	−⅛
58½	33¾	AMR			8	11596	u60	57¼	60	+1⅞
27	25	ANR pf	2.67	10.		9	26¼	25⅞	25⅞	−⅛
9½	5	ARX				62	5¼	5⅛	5¼	+⅛
48⅝	35¼	ASA	3e	7.8		425	39⅞	39⅛	39½	−¼
20¼	13⅛	AVX	.24	1.3	18	250	19	18⅜	18⅞	
52⅛	42⅞	AbtLab	1.20	2.4	15	4760	49	48⅜	49	−⅛
20⅜	15⅛	Abitibi g	1			58	17⅞	17⅛	17¼	
13⅞	7½	AcmeC	.40	4.0		x127	10	9¾	10	+¼
8⅝	5⅞	AcmeE	.32b	4.7	29	11	6¾	6⅝	6¾	+⅛
29½	17¼	Acuson			25	1465	26½	25½	26⅛	+⅝
17	14½	AdaEx	1.63e	12.		88	15	14⅞	15	
18⅞	7⅛	AMD			83	4974	9⅛	8⅞	9⅛	+⅛
43½	28¾	AMD pf	3	9.4		2	32	32	32	+¾
8½	5⅛	Adobe				92	7	6⅞	7	+⅛
18½	16½	Adob pf	1.84	11.		30	17¼	17	17	+⅛
21⅛	20	Adob pf	2.40	12.		5	20⅜	20⅜	20⅜	
9¾	5⅞	Advest	.12	1.4	18	191	8½	8¼	8⅜	
52½	39½	AetnLf	2.76	5.6	8	1080	49⅞	49½	49½	−⅜
44½	24	AflPb s	.22	.5		1304	41⅛	40⅜	40⅜	−⅞
18⅝	13¾	Ahmans	.88	4.9	9	2937	18¼	18	18⅛	+⅛
4⅝	1⅞	Aileen			21	13	3⅝	3½	3⅝	−⅛
53⅛	37¼	AirPrd	1.20	2.6	12	739	46¼	45⅞	46¼	+½
23¾	12⅞	AirbFrt	.60	2.5	24	259	u24	23½	23⅞	+⅞
18	10	Airgas			19	33	17¾	17⅝	17⅝	−⅛
20	17½	Airlease	2.40	12.	9	27	19½	19¼	19¼	−⅛
9¾	8½	AlaP dpf	.87	9.4		37	9¼	9⅛	9¼	+⅛
97	89	AlaP pf	9	9.7		z50	93	93	93	
100	92½	AlaP pf	9.44	9.8		z100	96	96	96	+1
89½	80	AlaP pf	8.16	9.8		z50	83⅛	83⅛	83⅛	−½
22½	14	AlskAir	.20	.9	11	2086	u22⅞	22	22¾	+⅞
19¾	12	Albnyln	.25	1.4	13	237	18⅜	18	18⅜	+⅜
38¾	24⅛	Alberto	.36	1.0	19	77	36¾	35¼	36¾	+1⅛
29¾	18½	AlbCulA	.36	1.2	15	1121	u29¾	28¾	29¼	+⅛
42½	28½	Albtsn	.56	1.3	19	681	42⅛	41⅞	42	
35⅝	23½	Alcan s	1.20	3.4	8	8641	35½	34½	35½	+⅝
28	20½	AlcoStd	.76	2.8	12	703	27⅛	26⅝	27⅛	+⅝
28⅛	19⅝	AlexAlx	1	4.2	16	754	23⅝	23	23⅝	+⅜
77	45⅝	Alexdr			88	13	63⅞	63¼	63½	−½
79½	69	AllegCp			11	10	79½	79¼	79¼	
5⅜	1⅛	vjAlgInt				389	2	1⅞	2	
34	7½	vjAlgl pfC				19	15⅛	14⅞	15	+⅜
34⅛	19⅜	AlgLud	1a	2.9	8	452	34¼	34	34⅛	+⅜
41½	35⅞	AllgPw	3.08	8.3	9	410	37⅛	37	37¼	−⅛
15½	8⅜	AllenG				134	14¾	14⅝	14⅝	−⅞
18⅝	12¼	Allen pf	1.75	9.7		88	18	17⅞	18	
11⅛	9⅝	AlnCap	n1.38	12.	23	297	11½	11⅛	11⅜	+⅛
21	12⅞	AlldPd				30	16⅝	16½	16⅝	+⅛
36⅞	30⅛	AldSgnl	1.80	5.2	12	4661	34⅞	34⅜	34⅝	+⅜
10⅜	9⅝	AlstMu	.78a	7.4		566	10⅝	10½	10½	
10⅛	9¼	AlsMll	n.50e	5.0		260	10	9⅞	10	+⅛
10⅜	9⅞	AlsMO	n.13e			230	10⅛	10¼	10⅛	
37⅝	28¼	ALLTEL	1.72	4.6	13	898	37	36½	37	−⅞
63⅛	38⅝	Alcoa	1.60a	2.5	7	6098	u64⅞	62⅜	64⅝	+1⅞
18	11¾	AmaxG	.08	.5	19	199	15	14½	14⅞	
27	15¼	Amax	.40	1.5	14	8884	27	26⅜	26⅞	+⅜
44	38	Amax pf	3	7.1		50	42½	42½	42½	−½
16⅛	8⅛	Amcast	.48	3.6	10	140	13½	13⅜	13½	
34¾	25¾	AmHes	.60	1.8	22	1041	33¾	33½	33¾	+⅛
23	14⅞	ABarck	.10e	.5		2850	20	18⅞	19	−⅞
71⅞	42¼	AmBrnd	2.44	3.7	11	10841	65⅛	64⅛	65⅛	+2⅛
30⅝	27⅛	ABrd pf	2.75	9.9		47	27⅞	27½	27⅞	
29½	20	ABldM	.92	3.1	18	37	u29⅞	29⅜	29⅝	+⅛
27¼	18⅛	ABusPr	.88	3.2	12	18	u27⅞	27	27⅞	+⅞
22⅝	19⅝	ACapBd	1.65e	8.3		38	20½	20¼	20¼	−⅛
25	19⅛	ACapCv	3.03e	14.		8	22⅛	22	22¼	+⅛
10⅛	8⅞	ACapIn	n1.10a	12.		45	9⅝	9¼	9⅛	+⅛
14	8¼	ACMR	1	10.	10	41	10	9⅞	9⅞	
1⅛	⅛	ACentC				11	½	½	½	
56	43¼	ACyan	1.20	2.3	16	5517	51⅞	50⅞	51½	+¼
29¾	25⅞	AEIPw	2.32a	8.4	9	2837	27¾	27⅜	27¾	+⅛
30⅜	22⅞	AmExp	.84	2.7	13	13514	u30⅜	29⅞	30⅝	+⅜
17	11½	AFamly	.28	1.9	11	1725	14⅞	14⅜	14⅞	+½
38⅞	27⅝	AGnCp	1.40	4.1	10	1855	33⅞	33⅛	33⅞	+⅝
8½	7½	AmGvl	n.84a	11.		377	7⅞	7¾	7⅞	
10⅛	9¼	AGIP n	.31e	3.2		88	9⅝	9½	9⅝	+⅛
10⅛	10	AGTT n				55	10	10	10	
19½	17	AHltPr	2.12	11.	12	775	18½	18¼	18½	
27	24¼	AHerit	1.08	4.3	12	1	25⅛	25⅛	25⅛	−⅛
13⅞	5⅝	AHoist			21	386	13⅝	13⅛	13⅝	+½
24½	18½	AHoist pf	1.95	8.3		32	23⅝	23⅛	23⅝	−⅛
88¾	70⅜	AHome	3.90	4.5	13	2168	86	85½	86	+½
[illegible]										

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19¾	6¼	vjPNH pfC				68	12⅝	12¼	12½	- ⅛
16½	4½	vjPNH pfD				56	10⅛	9¼	10⅛	
18	4¼	vjPNH pfE				23	11	11	11	+ ½
15¼	4	vjPNH pfF				11	10¼	10	10	
15¼	4½	vjPNH pfG				32	10¼	10	10	
21½	11	PSvNM	1.52	12.		11505	13	12⅞	12⅞	- ⅛
26⅞	22	PSEG	2.04	8.2	10	1783	24⅞	24½	24⅞	+ ¼
69	51¾	PSEG pf5.28		9.7		z20	54¼	54¼	54¼	- ⅞
88	77⅝	PSEG pf6.08		10.		z50	80½	80½	80½	
82⅞	72½	PSEG pf7.40		9.4		z1000	79	79	79	+ 1¼
3⅝	1⅝	Publick				15	3	3	3	
61¼	25½	PR Cem	.85a	1.8	7	25	50¾	50¾	50¾	
20¼	18	PugetP	1.76	9.4	9	316	18¾	18⅝	18¾	
9	7½	PHICB	.85	10.		62	8⅛	8	8⅛	
10¼	8¾	PIGIT	n1.01	11.		1649	9⅝	9½	9⅝	+ ⅛
10⅛	8⅝	PMIIT	n1.03a	11.		824	9⅛	9	9⅛	
10¼	8⅝	PMIT	1.10a	12.		427	9⅜	9¼	9⅜	
10¼	8⅞	PPrIT	n1.14	12.		1640	9½	9⅜	9½	+ ⅞
7½	3⅞	Pyro				102	7⅜	7¼	7¼	- ⅛
12¼	6	QMS				238	9⅛	8⅞	8⅞	- ¼
1½	½	Quntel			2	5	9-16	9-16	9-16	
61½	41¾	QuakrO	1.20	2.2	17	2175	55⅞	54⅞	55⅞	+ ⅞
27⅞	15⅞	QuakSC	.80	4.5	31	614	17⅞	17½	17¾	- ⅛
16¾	6⅝	Quanex	.24	1.4	8	475	u17	16½	17	+ ⅝
29⅛	25⅛	Quanx pf				7	29	28¾	29	
69	61¼	Qantm n			4	4261	u68⅞	68⅞	67⅞	+ ⅞
11	9⅛	QstVI			1	9.2	145	10⅞	10⅛	10⅞ - ⅛
10	8⅞	QstVC	.09			408	u10⅞	9⅞	10⅛	+ ⅛
35⅛	29⅞	Questar	1.88	5.7	42	6	33⅝	33¼	33¼	- ¼
15⅛	10½	QkReily	.24	1.6	12	235	15	14¾	15	+ ⅛
		— R-R-R —								

OVER-THE-COUNTER

Nasdaq national market, 3pm prices January 31

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

FINANCIAL TIMES Wednesday February 1 1989

AMERICA

Dow rebounds after profit-taking

Wall Street

ANOTHER sharp gain came as the equity market survived profit-taking yesterday and showed signs of life after a tired start to the day, *writes Janet Bush in New York.*

The Dow Jones Industrial Average traded in negative territory for most of the session, then clawed back to score a modest gain in late afternoon business and finally a strong spurt in the last half an hour. At the close, the Dow stood 18.21 points higher at 2,342.32 on active volume of 194m shares. This was the sixth successive daily rise.

The current wave of buying which last week pushed the blue chip index up by 87.50 points has shown stubborn momentum. The rise had seemed to slow down but there has been no substantial correction and profit-taking has been balanced by new buying.

Yesterday, the Dow showed resilience throughout the session, bouncing back from a loss of 14 points in mid-morning and then recovering throughout the afternoon. Although the index only managed a gain of 1.25 points on Monday, the broader market did quite well that day, according to Mr Newton Zinder, technical analyst at Shearson Lehman Hutton.

He noted in his daily commentary that the margin of gains over losses on Monday was almost equal to Friday's when the Dow rose by almost 32 points. The Dow was weighed down by a sharp fall in Texaco's stock after news that Mr Carl Icahn had made a standstill agreement with the company.

Yesterday, other financial markets provided a mixed influence on equities. The Treasury bond market had a variable day while the dollar was sharply higher.

There were no major economic releases, but the financial markets focused on the testimony of Mr Alan Greenspan, chairman of the Federal Reserve Board, to the Congressional Joint Economic Committee. After his extensive testimony last week, which helped prompt substantial rallies in stocks and bonds, he said little that was new.

Mr Greenspan did say that he expected a further substantial correction in the US trade deficit, even with the dollar at its current relatively high level – a comment which seemed to help the US currency as it suggested that the US authorities did not seek a lower dollar specifically to help in the trade adjustment.

The dollar was also assisted by his comment that interest rates would probably have to be higher than would otherwise be the case in order to attract foreign capital to finance the current account deficit.

Texaco was again in focus after Mr Icahn raised his stake to 17.3 per cent. This news came in a filing with the Securities and Exchange Commission.

The purchases were made before the agreement with Texaco and do not affect the pact made over the weekend, but there was some confusion about the news and Texaco's stock regained $¾ of its Monday losses to stand at $51¼.

American Brands jumped $2⅝ to $65⅛ after news of an agreement under which it will sell Southland Life Insurance for $440m to Georgia US, the American subsidiary of Dutch insurer Nationale-Nederlanden.

Houghton Mifflin, the publisher of text books, surged $8⅞ to $45⅜ following news that Robert M Bass Group holds a 5.6 per cent stake in the company.

Among companies reporting results was USX, which fell $⅛ to $31⅞ after the company said it had made net income in the fourth quarter of 55 cents a share compared with a net loss *a year ago of 13 cents a share.* Control Data dropped $⅞ to $20⅛. It posted a net loss of 31 cents a share in the fourth quarter compared with net income *a year ago of 26 cents a share.*

Canada

RISING BASE metals and industrials helped the Toronto composite index, which recovered earlier losses to close slightly higher in active trading. However, falling golds and energy issues, depressed by lower commodity prices, dragged the broader market lower.

The composite index, which had slumped about 15 points in earlier trading, moved ahead 4.4 to 3,616.6. Declines led advances by 385 to 376 on heavy volume of 29.3m shares.

Texaco Canada, which said its board of directors had recommended that shareholders accept a bid from Imperial Oil, was unchanged at C$⅞.

DSM sets sail in buoyant bourse

Laura Raun on what seems to be a timely flotation in Amsterdam

ORGANISERS of the DSM privatisation could hardly have picked a better time to float the Dutch state-owned chemicals company if they had read a crystal ball. Market forecasts are for a buoyant performance for the rest of this year after a modest downturn.

Most analysts predict a technical correction of about 5 per cent soon, in the wake of strong gains, firmer short-term interest rates and labour unrest. The dip may already have started as the Amsterdam market has closed lower over the past two days, with the CBS general price index finishing at 162.4 yesterday, down from 164.1 on Monday.

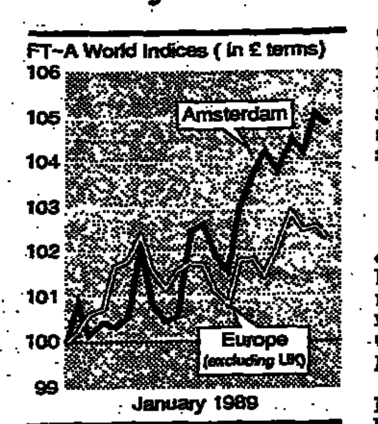
In general, however, the Dutch are firmly eschewing doomness. "The market is ignoring negative factors such as higher rates, the hectic dollar and lack of improvement in the US trade deficit," said one analyst. "It is looking to the longer term."

Some analysts believe the Amsterdam bourse will perform better than any in Europe this year because of healthy corporate earnings, low inflation, good consumer demand and moderate economic growth. They add that Dutch institutional investors are finally expanding their equity holdings after traditionally limiting portfolios almost entirely to bonds.

One especially bullish analyst sees the stock market advancing 20 to 25 per cent this year if Amsterdam siphons off investment funds from other bourses. Low inflation of 1.5 per cent or less is the attraction, he explains, because it will widen corporate margins, enhance international competitiveness and strengthen the purchasing power of consumers.

DSM, the biggest flotation and privatisation in Dutch history, is benefiting from the ebullient atmosphere. One-third of the company is being sold in a Fl 1.3bn ($619m) international offer that could be oversubscribed by three to four times.

DSM traded unchanged at Fl 114 a share in the grey market yesterday, a level well above its official issue price of Fl 108. Subscriptions close tomorrow, allocation is scheduled for Friday and the official trading starts on Monday.



The market is taking heart from several positive trends. Corporate earnings are expected to continue to advance strongly this year, helped by recent cuts in corporate income tax. Analysts forecast a 10 to 13 per cent increase in 1989 following a 15 per cent jump in 1988.

Gross national product should expand by about 2.5 per cent this year, which is robust by Dutch standards but is on a par with the European average.

If it grew any faster, however, the economy would run the risk of overheating, according to one analyst. Capacity utilisation is already high in some sectors and faster expansion could trigger dangerously steep wage demands.

Labour strikes have recently occurred in some transport and steel companies amid demand for higher wages. Unions have moderated their claims in recent years, but are now demanding a slice of fatter corporate profits.

Among favourite sectors are property and insurance. Dutch property values remain relatively low compared with the European average and small construction companies are finally rebounding from years in a cyclical slump.

Dutch insurance companies are widely recognised as some of the best equipped for the single European market because of their economies of scale and globally spread operations.

Nat-Ned's $440m acquisition this week of Southland Life of the US is the latest and largest in a series of expansions by Dutch insurers outside their home market.

EUROPE

Deutsche Bank cash call jolts nervous Frankfurt

ALREADY shaky confidence was given another battering in Europe yesterday by news of Deutsche Bank's rights issue, widespread worries about interest rates, and concern about today's latest bourse employees' strike in Paris, *writes Our Markets Staff.*

FRANKFURT was dealt a body blow by rumours, later confirmed, of the one-for-15 rights issue by Deutsche Bank. The market, already nervous about the possibility of further interest rate rises as the dollar's strength persists, took the DM1.26bn rights issue badly.

The FAZ index showed a midsession fall of 5.06 to 556.15, leaving it only 1 per cent higher than at the start of the month. The DAX index shed 15.64, or 1.2 per cent, to 1,312.73. Turnover was DM3.88bn, well down on Monday's DM4.77bn.

Sentiment has changed rapidly for the worse in the past two days and the Deutsche Bank news was "almost the straw that broke the camel's back," said one analyst. "The market's in a critical phase at the moment." If the meeting of the Group of Seven industrial countries later this week fails to allay worries about interest rates, "there could be quite a sharp correction," he added.

Deutsche Bank lost DM11.10 to DM524.90, while Daimler, which has been hit by persistent worries about its mooted rights issue, fell DM6 to DM660.

BMW, which came out with a 25 per cent rise in 1988 group turnover at the top end of expectations, managed to rise to DM504 before falling back to close DM5 lower at DM496.

PARIS fell back again on a general reluctance to buy, especially among international investors. There is a growing feeling that the market is pricey at current levels and a tendency to restrict activity in the present environment of bourse employee strikes.

One analyst said: "The market has been looking for a catalyst to break people's confidence and if you're worried about a strike you'll be worried about taking large positions." Interest rate concerns are helping to curtail demand, while attention concentrated also on the impending release of the inquiry report on insider trading at Pechiney, which was referred to the public prosecutor yesterday.

The CAC 40 index fell 10.37 to 1,654.99 and the OMF 50 index lost 3.86 to 460.50. Another strike is planned for today, meaning little or no trading in the blue chips underlying the options market.

News of Deutsche Bank's rights issue sparked rumours of possible issues in France, focusing yesterday on Peugeot. The stock gained ground against the trend, adding FFr37 to FFr1,447. Anything that would reduce the group's gearing was good news, said one analyst in Paris.

The record capital investment programme for London's underground system, announced on Monday, was seen as beneficial for electrical engineer Alsthom, which climbed FFr22, or 4.6 per cent, to FFr502.

AMSTERDAM caught a dose of Germany's troubles, with the stronger dollar failing to please the market and instead being seen as a portent of higher interest rates in Europe. The CBS tendency index closed 1.7 down at 162.4, the day's low, in fairly active trading.

Chemical group Akzo produced a slightly lower than expected provisional net profit for 1988 of Fl 840m, compared with forecasts of Fl 860m-Fl 890m, and the share price lost Fl 4.50 to Fl 151.50. However, the dividend was raised from Fl 6.60 to Fl 7.50, in line with or better than most expectations.

Insurer Nat-Ned eased 90 cents to Fl 67.50 after Monday's news of its acquisition of Southland Life of the US.

Against the trend, Centerparcs rose Fl 2.70 to Fl 62.70 *following a bullish meeting* with Dutch analysts.

ZURICH lost more ground as interest rate worries sparked profit-taking. The Crédit Suisse index fell 5.1 to 535.6.

Adia bearers kept falling, ending SFr250 lower at SFr7,975. They have lost almost 14 per cent since last Wednesday's news of share transactions with Inspectorate.

MILAN ended slightly better despite continued worries over difficulties within the coalition and over the budget deficit. The Comit index crept up 0.87 to 599.36 in thin trading estimated at about L110bn.

Foreign investors were currently put off by the lack of market activity by domestic institutions and by the bourse's recent underperformance in Europe, said one analyst.

STOCKHOLM shrugged off morning profit-taking and gathered pace to close at a second consecutive record high in moderate trading worth SKr377m. The Affärsvärlden General index edged up 0.8 to 1,073.1.

Forestry stocks remained in favour, with SCA free B shares gaining SKr7 to SKr387.

Insurer Skandia eased SKr3 to SKr206 after reporting a 15 per cent fall in 1988 operating profits to SKr910m. It proposed a dividend increase from SKr2.40 to SKr3.

BRUSSELS inched ahead to another all-time high, as its cash index rose 0.8 to 5,801.8, but many stocks closed a little lower as interest dried up.

Petrofina, Belgium's largest industrial, was unchanged at BFr13,975 on volume of more than 8,000 shares after mixed news on Monday. The company announced a 15 per cent increase in 1988 profits – in line with market expectations – and plans for a one-for-15 rights issue at BFr11,000 and a dividend rise.

OSLO declined in active trading as investors took profits. The all-share index dropped 3.98 to 401.11.

SOUTH AFRICA

A STEADY bullion price helped gold shares close higher in Johannesburg. Vaal Reefs rose R4.50 to R289.50 and Randfontein moved up R6 to R240. Diamond stock De Beers, after a lower opening, finished 50 cents up at R47.35.

ASIA PACIFIC

Financial issues fall as Nikkei edges higher

Tokyo

LAST-MINUTE buying helped share prices to a slightly firmer finish, after sticking in the red for most of the day in a continued consolidation after last week's gains, *Reuters reports from Tokyo.*

The Nikkei index gained 13.80 to 31,581.30 after dropping by 111.57 on Monday. It hit a day's low of 31,487.02 in mid-morning trade and closed just off the high of 31,581.88. Advances trailed declines by 418 to 494.

Futures-related buying was largely responsible for the late gains but turnover remained relatively light, at 855m shares compared with 831m shares on Monday.

The Topix index eased 2.77 to 2,464.83 while, in later trading in London, the ISE/Nikkei 50 index gained 2.69 to 1,980.47.

The dollar eased yesterday after rising past the Y130 level on Monday for the first time since October 12 last year, but inflation fears still dampened demand in the market.

The largest losses were seen in financial stocks, electricals, communications and retail issues. Gains were led by steels, transport and foods.

The most active stock was Sato Kogyo, the construction group, which found Y40 to Y1,340 on turnover of 26.1m shares, followed by Osaka Gas, which eased Y6 to Y930, with 22.4m shares traded. Nippon Seiko, a ball bearings maker, was the third busiest stock, adding Y25 to Y1,010.

Financials fell partly on uncertainty over currency and interest rate levels, but also on news that the Finance Ministry and bankers are likely to change accounting standards to eliminate artificial boosting of banks' operating profits at their book closures. The drop in bank shares prompted a sell-off in other financials, brokers said.

A working group of the Federation of Japan Bankers' Associations is drafting new accounting standards, which the ministry and the banking industry will use as a basis for discussions, an association official said. The draft would include separation of profits from special money trusts, known as *tokkin*, and of profits on sales of stocks in banks' portfolio accounts from their operating profits.

"Japanese banks, especially small ones, are very unprofitable and if it wasn't for *tokkin* their results would be bad," said Mr Robert Zielinski at Jardine Fleming Securities. Such a change in accounting procedures would take away part of the rationale for banks to use *tokkin*. "If there is less *tokkin* investment, there is less money into the stock market."

However, analysts' views were mixed concerning the market impact. One said: "For the market overall, supply/*demand would not be that* affected but *tokkin* are active traders, so heavily capitalised, highly liquid shares may suffer." Financial institutions, *about half of them banks*, held about 60 to 65 per cent of the total *tokkin* funds.

The Long-Term Credit Bank of Japan fell Y600 to Y20,900, Mitsubishi Bank Y100 to Y3,460 *and Sumitomo* Bank Y60 to Y3,960.

In Osaka, the OSE index dropped 36 points from Monday's record to 29,988.

Roundup

MOST Asia Pacific markets were still in the ascendant yesterday, although gains were curbed by profit-taking.

HONG KONG attracted unabated buying interest which was strong enough to counteract a hefty dose of profit-taking and push the Hang Seng index to its third consecutive post-crash high. The index recovered from a 20-point fall in the morning to close 36.41 *higher at 3,072.86.*

Volume remained very strong, with HK$2.39bn worth of shares traded, but was lower than Monday's HK$2.93bn.

Buyers from Taiwan focused on stocks such as Hutchison, up 50 cents at HK$10.60, and Cheung Kong, 30 cents better at HK$10.20.

AUSTRALIA reopened after *Monday's national holiday* with a weak start after news of the 2.1 per cent rise in the consumer price index in the final quarter. Buying picked up by mid-morning, *focusing on blue* chip industrials, and the All Ordinaries index added 9.1 to 1,551.7 in turnover of 138m shares worth A$294m.

Banks were in demand, with ANZ up 10 cents at A$5.56 and Westpac up 14 cents at A$5.70.

SINGAPORE recovered early losses on political developments in Malaysia which investors saw as positive. The Straits Times industrial index ended just 1.49 easier at 1,133.32 on news that Mr Musa Hitam, the former Malaysian deputy prime minister, had rejoined the ruling Malay party. Volume was good at 61m shares but down on Monday's 78.6m.

Genting shed 50 cents to S$5.80 as more than 950,000 *shares changed hands amid* disappointment over its planned rationalisation of its resort-related business.

NEW ZEALAND shares were *boosted by a fall in short-term* interest rates and a decline in the local dollar against the Australian dollar, which offered arbitrage opportunities and helped companies that export to, or have investments in, Australia. The Barclays index rose 25.18 to 1,993.93.

TAIWAN saw the weighted index rise through 6,000, with a 190.21 gain to 6,157.12, on the provincial assembly's approval of capital increases proposed by three commercial banks.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JANUARY 31 1989					MONDAY JANUARY 30 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	157.12	+2.3	133.08	117.36	4.58	153.63	129.23	116.38	157.12	91.16	96.90
Austria (18)	95.03	-0.3	80.49	92.30	2.67	95.30	80.16	92.46	100.00	83.72	87.50
Belgium (63)	134.26	-0.4	113.71	130.45	3.85	134.77	113.37	130.45	139.89	99.14	106.71
Canada (125)	135.31	+0.0	114.60	115.95	3.15	135.28	113.79	115.68	135.31	107.06	108.87
Denmark (39)	154.49	-1.6	130.85	153.34	1.98	156.97	132.04	154.41	161.60	111.42	113.75
Finland (26)	132.85	+0.3	112.51	120.02	1.46	132.46	111.42	119.64	139.83	106.78	108.12
France (131)	116.23	-1.6	98.45	116.42	2.78	118.13	99.37	117.11	119.33	72.77	75.24
West Germany (102)	84.04	-1.4	71.17	82.07	2.30	85.26	71.72	82.38	90.40	67.78	68.79
Hong Kong (45)	127.75	+1.1	108.19	127.89	3.88	126.39	106.32	126.57	127.75	84.90	87.78
Ireland (17)	135.47	-1.4	114.74	134.10	3.82	137.34	115.53	134.48	144.25	104.60	113.66
Italy (98)	81.94	-0.6	69.40	83.84	2.41	82.42	69.33	83.71	86.88	62.99	68.17
Japan (456)	190.90	-1.0	161.68	157.47	0.48	192.89	162.25	157.65	197.43	133.61	148.70
Malaysia (36)	154.95	-0.2	131.24	162.83	2.62	155.23	130.57	163.39	155.23	107.83	115.52
Mexico (13)	160.92	-0.8	136.29	406.94	1.26	162.25	136.48	409.52	182.24	90.07	124.01
Netherland (38)	112.64	-1.9	95.40	109.02	4.53	114.77	96.55	110.01	115.04	95.23	97.64
New Zealand (24)	71.13	+1.4	60.25	62.46	6.30	70.16	59.01	61.63	84.05	63.32	70.24
Norway (26)	158.78	-1.7	134.48	145.80	1.87	161.54	135.89	147.51	161.54	98.55	101.61
Singapore (26)	139.08	-0.1	117.80	123.83	2.15	139.25	117.14	124.11	139.25	97.99	102.58
South Africa (60)	125.65	+1.5	106.42	106.70	4.42	123.75	104.10	106.08	139.07	98.26	125.12
Spain (42)	148.26	-0.9	125.57	130.24	3.21	149.55	125.80	130.63	164.47	130.73	135.24
Sweden (35)	148.85	-0.6	126.07	140.15	2.04	149.76	125.98	140.34	149.76	96.92	105.45
Switzerland (57)	75.89	-1.6	64.27	75.27	2.26	77.15	64.90	75.53	86.75	74.13	77.63
United Kingdom (314)	149.29	-0.3	126.44	126.44	4.29	149.71	125.94	125.94	149.71	120.66	129.85
USA (570)	120.99	+0.8	102.47	120.99	3.53	119.98	100.93	119.98	120.99	99.19	104.40
Europe (1006)	118.67	-0.8	100.51	108.67	3.48	119.66	100.65	108.69	119.66	97.01	99.40
Nordic (126)	142.79	-0.9	120.94	131.76	1.94	144.16	121.26	132.26	–	–	–
Pacific Basin (677)	186.79	-0.9	158.20	154.38	0.70	188.45	158.52	154.47	192.26	130.81	144.33
Euro-Pacific (1683)	159.54	-0.9	135.13	136.20	1.54	160.93	135.37	136.26	161.61	120.36	126.38
North America (695)	121.75	+0.8	103.12	120.70	3.50	120.80	101.62	119.74	121.75	99.78	104.63
Europe Ex. UK (692)	99.80	-1.3	84.53	97.67	2.80	101.10	85.04	98.04	102.91	80.27	80.56
Pacific Ex. Japan (221)	137.41	+1.6	116.39	115.13	4.26	135.18	113.72	114.17	137.41	87.51	91.75
World Ex. US (1881)	158.37	-0.8	134.13	135.37	1.61	159.67	134.31	135.41	160.23	120.26	125.77
World Ex. UK (2137)	143.39	-0.3	121.45	130.90	1.99	143.85	121.00	130.62	143.93	111.77	116.28
World Ex. So. Af. (2391)	144.02	-0.3	121.97	130.63	2.19	144.48	121.54	130.33	144.48	113.26	117.42
World Ex. Japan (1995)	121.36	+0.3	102.79	116.37	3.54	121.06	101.83	115.79	121.36	100.00	102.52
The World Index (2451)	143.90	-0.3	121.88	130.47	2.20	144.36	121.43	130.17	144.36	113.37	117.48

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).

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